THE NEW ELECTRICITY ACT

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A POPULAR EXPOSITION

BY

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FOREWORD

THE Attorney-General in the House of Commons, on the Report Stage of the Electricity Bill, said that its provisions affected nearly everyone in the country Lord Peel, moving the second reading in the House of Lords, said these provisions were very little comprehended, and Lord Haldane, in supporting the Bill, quoted the words of Lord Chancellor Westbury in another connexion and said the Bill was "difficult to read, impossible to understand and disgusting to touch" These great authorities have thus left the man-in-the-street in an awkward position The provisions of the Act affect him, he doesn't understand them, and it is no use his trying to! It is the object of this little book to remove, if possible, some of the difficulties.

Whether it be a matter for rejoicing or one to be deplored, it is an undeniable fact that legislation tends more and more to affect the daily lives of the people If this is a sign of a desire on the part of democracy to bring a little order and coherence into the muddle of civilized life, it cannot be wholly bad It carries with it, however, an obligation on those concerned in legislation to make plain, as far as possible, its meaning and its scope, so that those affected may at least have an opportunity of understanding the laws to which they are subject One of the greatest difficulties in the way of understanding Acts of Parliament to the non-legal mind is their phraseology There are reasons for this apparently cumbrous and redundant wording which those who have suffered from the endeavour to take short cuts to simplicity will appreciate. "*Solvitur*

ambulando" is a maxim which is too often an excuse for not facing difficulties in time.

It is possible, however, once Parliament has provided, more or less successfully, for all possible and improbable contingencies, to pick out the more important points in the scheme of an Act and set them down in more comprehensible and even better English. To do this is the aim of the writer here. These pages are not intended to be a detailed exposition of the Electricity Act of 1926, nor can they of course comment on its working. But so many criticisms of the Act seem to be based on a misreading or even a non-reading of its provisions that the attempt to set out simply what these are will, it is hoped, be useful.

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THE ACT OF 1926

THE provisions of the Electricity (Supply) Act 1926 are the culmination of the policy underlying the Acts of 1919 and 1922, although the Act itself cannot be said to be the logical sequence of the earlier legislation

If the Act of 1919 had not been emasculated in its passage through Parliament, or if the wolves of the municipalities and the lambs of the private companies had fed together amicably under the ægis of the Commissioners in 1920 and the following years, the present Act would in all probability never have been introduced It would still have been necessary to remove many of the legislative restrictions which have too long hampered electrical development in this country, but there would have been much less need to recast the whole system, as has now been done. The spirit of the Act from the social point of view is a reflection of the technical spirit animating much of the engineering profession to-day a desire to provide for the future now rather than to "muddle through," after difficulties have been allowed to arise which might in many cases have been avoided It shows an endeavour to look ahead with some more or less defined vision of the way in which the future may be shaped rather than the haphazard drifting and "taking things as they come" on which so-called practical men too often pride themselves None the less it is a practical scheme based on the conclusions of a committee of business men, who heard detailed engineering evidence from experts whose authority cannot be lightly disregarded and whose general conclusions were remarkably similar

The Central Board.—The first provision of the Act is to set up a new body known as the Central Electricity Board, and to define its powers and duties. The Board consists of eight members and they are appointed by the Minister of Transport. They hold office for not less than five years and not more than ten—*i.e.* the present Board continues in office till 1932 at any rate, and need not be replaced or reappointed until 1937.

The Minister must, however, make the appointments for a definite term within these limits. It is open to him to make the Board a permanency for ten years should he wish to do so. And even in 1932 there is no reason why the same Board should not be reappointed if it is working well.

The chairman and apparently some, but not all, of the other members are to give their whole time to the work. This provision will enable very useful appointments to be made of those who can give valuable advice but could not give all their time. The Minister may be trusted to see that it does not mean the creation of an inner Board who will exercise all the real power.

In appointing the Board the Minister is to consult with representatives of various interests which are concerned—*i.e.* "local government, electricity, commerce, industry, transport, agriculture and labour." This does not mean that the members of the Board are to be representative of those industries, but possibly the suggestions put forward by those interests may be of use to the Minister, whose task of selection will not be an easy one in any event.

The members of the Board are to be paid salaries, the amount of which is left to the Minister to fix and—a

valuable safeguard—no Member of the House of Commons is eligible for selection.

The duties and powers of the Board are laid down generally in Sec 2 of the Act Happily for the Board they are not charged vaguely—as is a Joint Authority—with the duty of providing a cheap and abundant supply of electricity, but are given a rather better-defined task The first thing to be noted is that the Board is not a generating authority The idea of a Central Board erecting, at the expense of the public, superstations (whatever they may be) all over the country and proceeding to undersell all existing undertakers is useful, from the political standpoint, to frighten people who are afraid of being disturbed, but it is not to be found in the Act In certain cases the Board may themselves generate, but they are likely to be very rare, and the Board's powers in this direction are so limited and so hedged about with restrictions that only such undertakers as have bad consciences or inexcusably high costs need be anxious about competition

The Board's duty is to supply electricity in the manner provided by the Act to authorized undertakers The fundamental idea of the Act is that the Board acts, in a sense, as a clearing-house It buys electricity from authorized undertakers and sells it again But since this will be done in bulk, and geographical limitations as to where supply can be given by the Board are abolished, the effect will ultimately be that electricity will be bought by the Board from the sources where it can be most efficiently generated and distributed in bulk to the districts which require it, erecting where necessary the connecting lines between station and station and district and district The

saving obtained by the more efficient generation and co-ordination will, it is confidently believed, more than balance the cost of transmission and the comparatively small item of the Board's own expenses.[1] It is not the purpose of this book to go into the figures: the general estimates will be found in the Report of Lord Weir's Committee, and the details will be available when the schemes, which the Commissioners are to prepare, are published and made the subject of inquiry under a subsequent section (Sec. 4 (2)) of the Act. If the Board think that any of their powers can be better exercised locally they may delegate them to any authorized undertakers or to any association of owners of selected stations in a particular district. But here the existing undertakers' rights are carefully protected by a provision that the Board's powers in regard to a "selected" generating station (the meaning of this term is dealt with below) shall not be handed over to any undertakers except the owners of the station if these owners, as they generally would, object. The Board cannot "select" a generating station belonging for instance to company undertakers and hand over the control of it to a Joint Electricity Authority or to a municipality while leaving the actual operation to the company undertakers. This provision, while perfectly general, applies with particular force to the case of London, which, roughly speaking, is divided into two areas, one under the Municipalities and one under the Companies. The Companies, by the Acts of 1925, secured a degree of autonomy in their areas and are not liable to interference—or guidance—from the recently appointed Joint Electricity Authority.

[1] Estimated together at ·03d. per unit generated.

This section of the Act prevents the Board putting in the Joint Authority as managers in the Companies' areas Should the Companies refuse to manage their selected stations in co-operation with the Board a different situation would arise. But this is an improbable contingency

The Board, it may be noted in passing, is not a Government Department and is not generally speaking responsible to Parliament If it travels outside its powers as defined by the Act, or fails to carry out the duties imposed on it, the remedy must be sought in the Courts

The Preparation of the Scheme—Much criticism has been directed against the Act which may—or may not—be relevant to the scheme which is to be prepared by the Commissioners under Sec 4, but which is premature until that scheme has been published Sec 4 indicates the general lines on which the scheme is to be prepared, but it should be remembered that in issuing the Report of Lord Weir's Committee the Minister of Transport prefaced it with the following note. "In issuing this Report the Minister of Transport desires to make clear that in framing the Electricity (Supply) Bill the Government have not accepted all the proposals recommended by the Committee. With reference to the scheme contained in the Report, and the estimates and diagrams accompanying it, he desires to call attention to paragraph 31, which states that this scheme 'must only be regarded as a broad picture, subject to modifications and improvement when the fully detailed and comprehensive survey which we advocate has been completed' This scheme does not therefore represent a definite proposal which would be adopted if the Electricity (Supply) Bill were passed into law Under that Bill a

scheme would be prepared by the Board [1] to be constituted under its provisions."

It is of course common knowledge that the Chief Commissioner, Sir John Snell, gave evidence before the Weir Committee, and the initial responsibility for drawing up a scheme under the Act now rests with the Commissioners. But much information has been collected since the Weir Report was published and many detailed investigations made which will modify the figures given there. And, in any case, Parliament has decided that the Board shall hear representations and hold, if necessary, a public inquiry into the scheme prepared by the Commissioners. Any aggrieved undertaker may appeal from the decisions of the Board to a special tribunal which is to be set up.

Dealing with the provisions as to the scheme in more detail, Sec. 4 provides that the Commissioners are to prepare a scheme—or separate schemes for various areas—and transmit it, or them, to the Board. The Board are to publish the scheme (Subsec. (2)) and give an opportunity to all interested persons to place objections to it before them. They may if they think fit hold a public inquiry—which would doubtless be of great benefit to the legal profession. The Board then adopt the scheme with any modification that may have been made, and it becomes their duty to carry it out (Sec. 4 (3)).

The scheme to be prepared by the Commissioners deals with three chief matters :

(*a*) It is to determine which of the existing generating stations are to be "selected" stations—that is,

[1] The duty of preparing the scheme was transferred from the Board to the Commissioners by Parliament.

stations at which electricity in future is to be generated for the use, and under the direction, of the Board And also to decide what new stations are to be erected These new stations are also to be "selected" stations

(*b*) The scheme is also to provide for such selected stations being interconnected and also connected with the systems of authorized undertakers. The main transmission connecting lines are to be constructed or, if they exist in any cases, and are suitable, are to be acquired by the Board

(*c*) Subject to the provisions of Sec. 9 of the Act (which are dealt with below) a scheme is to provide for such standardization of frequency as is necessary for carrying out the interconnection referred to in (*b*) It should be noted that this is not a general standardization, but only such as is necessary for a particular purpose

The scheme is also to enable, and—it is important to note—may require, temporary arrangements to be made between the Board and the owners of generating stations with respect to the giving and taking of a supply and with regard to the working of the stations. This provision applies to all stations whether they are selected stations or not (except to railway, canal, dock and harbour generating stations and private generating stations, which are not affected by the scheme in any way)

It may be useful to note here that in this Act the expression "generating station" means a generating station as defined in the Act of 1919 and not in the Act of 1909 —*i.e.* it does not include any station for transforming,

converting or distributing electricity, but it does include the buildings, plant and site of any station used for generation. The case of a station used partly for generating and partly for transforming electrical energy might give rise to interesting questions; but stations where there is any real doubt as regards the category in which they should be placed are rare.

The use of the term in this sense only, indicates again that the Board deals with generation and has nothing to do with detail distribution. And generation, it is provided, is not to be done by the Board directly except in the last resort. The only works which will be normally the property of the Board are the main transmission lines (Sec. 8).

When the scheme has been adopted by the Board, this body is charged with the duty of carrying it into effect (Sec. 4 (3)). But not immediately. Those who object to the scheme as drawn up by the Commissioners and placed before the Board will have had—as has been pointed out—ample opportunity of stating their views to the Board before the scheme is adopted. A further safeguard is provided in the shape of an appeal from any provisions of the scheme laying obligations on any undertakers if such undertakers think the carrying out of such obligations would be prejudicial to them. The undertakers may lodge such an appeal any time within a month after the adopted scheme has been published, and the Board is not to proceed with the scheme, so far as it affects the undertakers who object, until the objection has been determined by the arbitrator.[1]

[1] If the undertakers' complaint is one for which no relief except pecuniary compensation can be awarded, the scheme need not be held up.

The arbitrator is to be a barrister "qualified for appointment to judicial office"—*i e* of not less than ten years' standing at the Bar—and he is to be chosen by the Minister of Transport from a panel set up by the Lord Chancellor

The arbitrator may order the scheme to be amended, or he may give pecuniary compensation to the aggrieved undertaker But if the Board certify that any particular amendment will conflict with the basic principles of the scheme, the arbitrator may only award, and the complainants must be content with, pecuniary compensation

It is difficult to see in what way the interests of existing undertakers could be more fully protected consonant with any changes being made at all The preparation of the scheme is given to the Electricity Commissioners, whose technical ability is unquestioned and who have been criticized violently in the last few years as being too "municipal" on the one hand and too tender of private interests on the other a tribute to their impartiality From the Commissioners the scheme is sent to the Board—composed of eight members who are non-technical but have been selected after all the interests concerned have been consulted on the choice Their function will be to see that the broad interests of public policy are considered and to ensure that logic should not override public convenience Before them aggrieved undertakers may make representations, and only fanatics will suggest that they will not have a fair hearing. Appeal from the Board is to a barrister, who will, by reason of his profession, look at the problems raised from still another point of view, and who may in hearing the case call in the aid of technical assessors.

The scheme having been adopted, the Board has to

make arrangements to put it into operation. Here we come to the first provisions of the Act, which indicate clearly the lines on which the Board is to carry out its duties. Under the scheme a certain number of generating stations in the area covered by the scheme have been chosen as stations at which electricity should be generated for the purposes of the Board. These are, as has been said, "selected" stations. In passing it should be noted that a station once selected remains selected. The Board cannot select a station, use it for a time and return it to the owners. The Board have then to arrange with the owners of the selected stations the method in which they are to be operated so as to give the best results in the scheme for the area covered by it (Sec. 5 (1)).

The Board may appoint technical committees consisting of the engineers of selected stations, and doubtless will do so (Sec. 3 (1)). In any case those engineers must necessarily be consulted as to the best method of running the stations to secure the economic efficiency of the whole.

Given a reasonable amount of good will these arrangements, though they may be technically complicated, should not be difficult to arrive at, because they are not dependent on the financial result to any one undertaking. The selected stations will naturally be the most efficient in the area covered by the scheme, and the opportunity to use a good machine in the best way possible should be welcomed. There will, of course, be cases in which a selected station—one of possibly half-a-dozen in an area—will be best used for the benefit of the whole as a peak-load station. Those who have made such a station efficient may personally regret this, but they will have ample opportunity of

consultation with their colleagues and the Board as to the running of the station, and as reasonable beings will, it is hoped, recognize the necessity The more so as under the financial arrangements, which are dealt with later, they will be able to supply current to their customers at as low a rate at least as if they had continued to run the station solely for that purpose (see Sec 13)

Certain selected stations will naturally have to be altered or extended to deal with the increased demand, and the Board, with the approval of the Commissioners, will decide which stations are to be extended from time to time Such extensions are to be carried out by the owners of the station primarily These extensions and alterations are divided into two categories (*a*) such as are required by the scheme, and (*b*) additional extensions and alterations required from time to time by the Board with the approval of the Commissioners The former class will probably not be of very great extent—they might consist for instance of the installation of sufficient steam plant to enable the whole of the generating plant to be used at once The latter, on the other hand, may include doubling the size of the station because the Board and the Commissioners think the station so efficient and economical that a large load can be properly dealt with from it Different procedure is adopted for dealing with these two classes of requirements in the event of the owners of the station being unwilling to enter into arrangements with the Board A refusal to enter into arrangements for the operation of the station in accordance with the Act—*i e* to operate it generally under the directions of the Board—coupled with a refusal to carry out the alterations and extensions required by the scheme,

amounts in effect to a refusal to help to work the Act at all. It might or might not be justified, but if it became effective the Act in many cases would be a dead letter. Consequently it is provided (Sec. 5 (2)) that in such a case the station in question may be purchased from the owners and transferred to the Joint Authority, if there be one in the area, or, failing the Joint Authority, to any authorized undertaker or company approved by the Board. In the last resort, if no Joint Authority, authorized undertaker, company or person can be found who will take over the station, the Board may acquire it.

The price to be paid for the station is the amount "properly incurred on and incidental to the provision" of the station (First Schedule), and this is to be certified by an auditor appointed by the Commissioners. If either the Board or the owners are dissatisfied with the certificate an appeal may be made to a barrister appointed as referred to above. The Minister of Transport may make an Order transferring the station when the price has been fixed and paid or tendered to the owners, but this Order is not to be effective until it has lain before both Houses of Parliament for not less than thirty days, during which there is opportunity for either House to take steps to prevent its coming into operation.

The Order of the Minister will vest the station in the authorized undertaker or the company which has been approved by the Board or, in the last resort, in the Board themselves. Anybody operating the station is included by the definition section (Sec. 52) in the term "owners," and this may give rise to some confusion, as is noted below.

This is a provision of the greatest importance, amounting

as it does to the compulsory transfer of more or less private property It must be remembered however that this power is exercisеable only in the last resort and in cases where the owners have been fully heard, for the extensions and alterations in question are part of the scheme, and as such will have been inquired into by the Commissioners, the Board and, if necessary, the arbitrator under Sec 4.

The "additional extensions and alterations" which the Board may direct to be carried out from time to time stand, as has been said, on a rather different footing These may involve turning the selected station into the principal source of energy for a very much larger area than was originally supplied, or may require it to deal with a greatly increased load even in that area The owners may in such cases feel that they are not in a position to face the capital outlay involved in the Board's requirements They may then appeal to the arbitrator (appointed by the Minister of Transport, as before) on the ground that to carry out the extensions and alterations required imposes an "unreasonable financial burden" on them (Sec 5 (1) proviso).

The Act is not clear as to the result of the arbitrator's inquiry The Attorney-General suggested in the House of Commons that three courses were open to the arbitrator First, he might disallow the order or direction of the Board altogether, on the ground that the extensions were unreasonable; or, secondly, he might disallow them unless they were amended to an extent he should indicate in his award; or, thirdly, he might say the Board should pay compensation What is said in Parliament during the passage of a Bill cannot be used subsequently to interpret an Act, but when so high an authority speaks on his own

subject, his suggestions must be treated with respect. The third course does not seem practicable—pecuniary compensation in such a case is irrelevant. But if the arbitrator were to disallow altogether or seriously to amend the directions of the Board, a deadlock might be reached. The Board and the Commissioners may decide that additional extensions and alterations are required in any particular selected station, and the arbitrator may decide that to carry out such extensions imposes an unreasonable financial burden on the owner. No provision, it seems, is made in the Act for the Board to render financial assistance in such a case. Sec. 9, which makes such provision in the case of an undertaker being required to carry out standardization of frequency, is confined to that work, and there is no corresponding provision here.

It seems that if the arbitrator finds in favour of the Board, it will be impossible to compel the undertakers to carry out the extensions; and if he finds in favour of the undertakers, they still come under Subsec. (2), as being "unwilling to carry out such arrangements to the satisfaction of the Board." For the words "such arrangements" clearly refer to arrangements to be made by the Board for additional extensions and alterations as well as arrangements to carry out the scheme. If this is so, the appeal to the arbitrator in this case is of very little use, and the Board are in a position to take over the station or procure from the Minister an Order authorizing some other undertaker or company to acquire it.

If the Board have eventually to acquire a generating station—that is, if the owners refuse to enter into arrangements for working or to carry out extensions, and if no

authorized undertaker can be found who will take it over—even then they are not to operate it themselves if anyone else can be found to carry on the work If a Joint Authority exists in the area, the Board must first of all try to arrange with that Authority to operate, and in default of them with any authorized undertaker or company Only if they satisfy the Commissioners that no possible arrangements can be made may the Board themselves become generators of electricity

This last section (Sec 5) deals with existing stations which are selected by the Board. Sec 6 deals with the procedure where new stations have to be erected The scheme will probably provide for a certain number to be built at once and others may—or, rather, will—be needed subsequently The section deals with both classes, but only with stations which are required by a scheme. Theoretically any authorized undertaker may still apply to the Commissioners under the Act of 1919 for permission to erect a new station practically this procedure will probably not be adopted save in special cases Normally, in future, new stations will be erected under the auspices of the Board Here again the Board may neither erect nor operate a new station unless the Commissioners are satisfied that no other body can be found with whom arrangements can be made to do the actual work If no arrangements can be made, the Commissioners may authorize the Board to provide the station themselves by a special Order under Sec. 26 of the Act of 1919

But in the case of the erection of a new station the Board are not bound to give the first option of carrying out this work to a Joint Authority if one exists They have

a free hand to arrange with any existing author ized undertakers to build the required station. The omission in this section of obligation on the Board to approach first the Joint Authority though perfectly general (if an omission can be termed "general") is of special interest to London, where one of the only three existing Joint Authorities has been established.

Certain agreements were come to under the London Acts passed in 1925 whereby the companies were to carry out any scheme evolved under the Order establishing the Joint Authority so far as it was to be carried out in their areas. The Board's scheme under the present Act takes precedence, so to speak, of any scheme made under the London and Home Counties Order or either of the London Acts of 1925, so it will be open to the Board to clear up any ambiguities which may exist as to the relative positions of the local authorities and the companies in London. This provision is contained in Sec. 19 of the present Act.

The Board may not operate a new generating station—even if they themselves erect it—unless no other body will do so. And again, a Joint Authority need not be given the first refusal, but the Board's discretion to give the operating into whose hands they think best is unfettered.

The next consideration is the rights and duties of the owners of selected stations, whether existing stations with their alterations and extensions or new stations required by a scheme. These are dealt with in Sec. 7, which requires particular scrutiny. The scheme outlined in the section is that the owners of the station shall run it as regards total output, times and rates of output, and generally, under the

direction of the Board The Board is to decide from which stations and at what times the supply in an area covered by a scheme is to be given, and the owners must operate their stations accordingly It must be remembered that Sec. 7 deals only with selected stations, other stations in the area —not being selected stations—may still be worked (subject to the provisions of Sec 14, which is dealt with later) in such way as their owners think best.

All electricity generated at selected stations is to be sold by the owners to the Board The price at which it is to be sold is to be the cost of production ascertained in accordance with rates which are set out in the Second Schedule of the Act. Rather than attempting to paraphrase these rules it is better to set them out in full They are as follows:

Rules for Determining Cost of Production of Electricity at Selected Stations

The cost of production of electricity at any selected station shall be ascertained by calculating the following costs, charges and allowances in respect of the year of account

(*a*) The sums expended for fuel, oil, water and stores consumed, for salaries and wages, and any contributions for pensions, superannuation and insurance of officers and servants, for repairs and maintenance, and for renewals not chargeable to capital account,

(*b*) sums paid as rents, rates and taxes (other than taxes on profits) and for insurance, in respect of the station,

(*c*) the proper proportion of management and general establishment charges attributable to the station;

(*d*) any other expenses on revenue account attributable to the station;

(*e*) interest (exclusive of interest payable out of capital) on money properly expended for capital purposes (whether defrayed out of capital or revenue) and attributable to the generating station and the plant suitable to and used for the purpose of generating electricity therein, and interest on working capital properly attributable to the station and the production of electricity therein.

The rate of interest for the purposes of this paragraph shall be—

(i) where the owners of a selected station are a joint electricity authority or a local authority, the average rate payable on the money raised by the authority for the purpose ;

(ii) where the owners of the station are a company, the average rate of dividends and interest paid by the company on their share and loan capital during the preceding year ; so, however, that the rate shall in no case be less than five nor more than six and a half per cent. per annum.

(*f*) an allowance for depreciation of the following amount :

(i) where the owners of the selected station are a joint electricity authority or a local authority an amount equal to the sinking fund charges properly attributable to the station and the plant thereof :

Provided that where part of the expenditure was defrayed otherwise than by means of loans

the allowance for depreciation shall be increased by such amount as the Electricity Commissioners think just

(ii) where the owners of the station are a company, an amount determined in accordance with a scale fixed by special Order

Provided that in the case of any company which is a London company within the meaning of the London and Home Counties Electricity District Order, 1925, the amount of such allowance for depreciation shall not be less than the contributions for the year of account which the company is required to make to the sinking fund under the provisions of the London Electricity (Nos 1 and 2) Acts, 1925

These rules seem to cover everything that can properly be called "cost of production" It may be of interest to note that the following items were added while the Bill was in Committee of the House of Commons:

(*a*) Contributions for pensions, etc, and renewals not chargeable to capital account,

(*b*) sums paid for insurance in respect of the station;

(*e*) the phrase "money properly expended on capital account" was substituted for the phrase "capital properly expended," and the amendment should clear up some rather complicated questions, interest on working capital was also added,

(*f*) the proviso that the amount allowable for depreciation might be increased in the case of joint authorities or local authorities who had met part

of their expenditure otherwise than by means of loans, and the proviso dealing with the London companies who are bound under the London Acts of 1925 to make special contributions to a sinking fund.

The electricity having been sold to the Board, the owners are given a right to be supplied by the Board with all the electricity they require for the purposes of their undertaking up to the amount generated at that particular station. This must mean the amount actually generated at the station under the Board's direction from time to time, and not the amount which could be generated if the station were worked to its full capacity. The owners are given a first charge on any current which may be generated at the station for their own undertaking, and to this extent the Board's freedom to dispose of the supply is limited. But a selected station which is selected because of its efficiency and suitability will normally be the best source of supply for the undertaking of its owners.

The owners are to pay the cost of production—that is, the amount which they have received from the Board—adjusted according to the load factor and power factor of the supply given, together with a proper proportion of the Board's expenses ; or they are to pay for current received according to the tariff fixed for supplies by the Board, whichever of these two prices is the lower—that is, the more favourable to the owner of the station. This tariff is dealt with in Sec. 11 of the Act and is referred to below.

It is not the aim of this book to go into the engineering details of a scheme which has not yet been published or approved. But the idea of those responsible for the Act—

so far as it can be gathered from the Act itself—is obviously that the saving effected by the adjustment according to the load factor and power factor of the supply given by the Board will more than compensate for the proper proportion of the Board's expenses, and consequently the cost of supply, so far as generation goes, will be lower. Capital charges on the station remaining the same, the total cost of the supply will be lower, and a subsequent provision of this Act, together with certain provisions of former Acts (referred to later), are intended to ensure that this saving in cost shall be passed on to the consumer.

Did this Sec 7 (Subsecs (3) and (4)) stand alone, the owners of a selected station might have ground for complaint Taking the first method of payment, they know that a proportion of the Board's expenses has to be added on to the cost of their supply, and they are not certain what—if any—saving there will be to set off against this. Taking the second method, they do not know that the Board may not so recklessly spend money that their tariff will have to be fixed unduly high to make their income balance their expenditure, as (under Sec. 11) it has to do.

But the owners of a selected station are very carefully protected by Sec 13, which it is convenient to refer to here, and of which the wording is clear and unambiguous That section has a side-note "Limitation on price to be charged to owners of selected stations." It provides that if the owners of a selected station prove to the satisfaction of the Commissioners that the cost of taking a supply from the Board in any year exceeds the cost they would have incurred had they generated the same quantity of electricity themselves, then the Board's charges are to be adjusted so

that the owners pay no more than they would have paid in generating for themselves.

The owners are to be paid monthly on account in accordance with estimates made for the purpose, and the amount is to be adjusted at the end of the year as soon as the actual liability can be ascertained. All questions arising between the Board and the owners of a selected station under this section are to be determined by the Commissioners; but, to avoid holding up actual work, the owners must comply with the Board's directions until the Commissioners' decision is given.

A reference was made above to a certain confusion which may arise under this section due to the fact that in the definitions of terms used in the Act (Sec. 52) it is provided that the term "owners" includes "lessees or occupiers of a station, operating the station." If the Board select a particular station, and the owners are unwilling to operate it in accordance with their directions, it may be transferred to other undertakers by an Order of the Minister of Transport (Sec. 5). It is much to be hoped that this contingency will not arise, and it is, perhaps, improbable. But should it unfortunately occur, the new undertaker or company then becomes the "occupier of the station operating the station" and, by definition, the "owner."

Under Sec. 7, Subsec. (2) they then become entitled apparently to demand a supply from the Board from that station for "their undertaking"—which is not, of course, the undertaking of the original owners nor the undertaking which the station was designed to supply. The original owners would then be left to obtain a supply from the Board under Secs. 10 and 11 at the "grid" price, which

might be less favourable than the adjusted cost at the station in question, supposing it to be an efficient station—which it naturally would be, having been selected by the Board—while the new owners might hamper the Board's work by earmarking the supply from the station for an undertaking for which it was not intended The possibility of this may of course be a useful argument to induce owners of selected stations to co-operate with the Board and so obtain for themselves and their consumers the benefit of the efficiency to which they have brought their generating plant And probably the Board can be trusted not to choose an undertaker to whom the station is to be handed over without coming to an arrangement, although where a Joint Authority exists they have no choice but to place the station in the hands of that authority if the original owners will not work under the direction of the Board The scheme may, however, provide for temporary arrangements to be made for the giving and taking of a supply by the Board during the carrying out of the works specified in the scheme, and gives the Board compulsory power with regard to them (Sec. 4 (1) (*d*)) The difficulty suggested above may possibly be avoided by some such preliminary arrangements being made

All electricity generated at selected stations having been sold to the Board, and the Board being under obligation to resell to the owners of the stations the quantity they require for the purposes of their undertaking, the next section (Sec 8) deals with the interconnection of selected stations and the systems of authorized undertakers Such interconnection is a necessary part of the scheme in any area, since under Sec. 4 (1) the Commissioners are to

prepare a scheme providing, *inter alia*, for interconnection by means of main transmission lines acquired or contracted by the Board. It is doubtful whether, with the Commissioners' scheme before them, the Board could, even if they wished, so modify it under Sec. 4 (2) as to omit interconnection. It is the basis of the whole system, and "modification" does not include destroying a whole system and building up a new one. It may therefore be taken that the Act provides definitely for interconnection. The scheme will lay down which selected stations are to be connected with one another and with the systems of authorized undertakers, and will indicate the main transmission lines required for this purpose. By definition in the Act of 1919 a "main transmission line" includes "all extra high-pressure cables and overhead lines[1] . . . together with any step-up or step-down transformers and switch gear necessary to and used for the control of such cables and lines and the buildings or such parts thereof as may be required to accommodate such transformers and switch gear." It does not include, also by this definition cables and overhead lines, even if carrying current at extra high pressure, which are an essential part of an authorized undertakers' distribution system.

There is a curious definition in Sec. 51, the wording of which is involved.[2] It contemplates the use of the expression "transmission line" in the Act as meaning what "main transmission line" means as previously defined; and provides that when it is used of a main transmission line in that sense it shall include the apparatus referred to in

[1] Under the Commissioners' regulations pressures of over 3000 volts are deemed "extra high pressure."

[2] See p. 74.

that definition, which seems tautological Possibly in practice it may not give rise to trouble

In Sec 8, however, only main transmission lines are dealt with, and what is included in the term is plain The Board is to proceed, as soon as possible after a scheme is adopted, with the erection of overhead lines or cables, together with the necessary transforming apparatus to connect the selected stations and with such lines or cables as are necessary to enable the product of the connected stations to be fed into the systems of the authorized undertakers in the area If the scheme provides for the taking over by the Board of any existing main transmission lines the Minister of Transport will make an Order vesting them in the Board on the Board paying to the owner the price as determined by the rules laid down in the First Schedule of the Act, to which reference has already been made In this case it may well be that the Board will use the line in a different manner from that in which it was used by the former owner, and that owner's switch gear or apparatus would require alteration In such cases the Board is to defray the cost of the alteration, the amount to be settled by the arbitrator if it cannot be agreed on

The first two points with which a scheme is to deal—selection of stations and interconnection—have now been provided for by the Act, and Sec 9 deals with the third, "Standardization of Frequency," which, to a large extent, is a necessary consequence of interconnection This section seems to go rather further than Sec 4, Subsec (1) (*c*). It is there laid down that a scheme shall provide for such standardization as is essential for carrying out the interconnection proposals contained in the scheme. Sec. 9

provides that the Board may not only require this, but such standardization as the Board, with the approval of the Commissioners, may think expedient.

Under Sec. 4, Subsec. (5) a scheme can be altered or extended by a scheme made in the same manner as the original scheme—that is, after the full and possibly lengthy procedure indicated in Subsecs. (2), (3) and (4) of that section. Further standardization which becomes desirable after a scheme has been adopted could of course be provided for in this way. But Sec. 9 enables it to be carried out more expeditiously, though the rights of existing undertakers are equally well protected, as will be apparent.

Sec. 9 is one of the most important in the Act, and for convenience of reference Subsec. (1) is set out here in full:

"9.—(1) The Board may require any authorised undertakers or the owners of any selected station to amend or alter the frequency employed in their undertaking or station, if and so far as such amendment or alteration is required to effect the standardisation of frequency provided by a scheme, or to effect such standardisation of frequency as the Board with the approval of the Electricity Commissioners may think expedient, subject to the payment to the authorised undertakers or owners of any expenses which they may properly incur in carrying such requirements into effect (including the cost of altering or replacing plant belonging to consumers), and the Board shall if required advance free of interest such sums as may be necessary to enable the said authorised undertakers and owners to effect such amendment or alteration, and it shall be the duty of the undertakers or owners to comply with such requirements and they are hereby authorised

to do so notwithstanding anything in any special Act or Order relating to their undertaking"

It will be seen that the requirements of the Board may be far-reaching, though not more so than is necessary if the advantages of co-ordination are to be fully realized The capital necessary for carrying out the Board's requirements is to be advanced by the Board to the undertakers doing the work free of interest. This provision is compulsory on the Board If the Board and the undertakers do not agree as to the sum necessary to carry out the work the matter is to be determined by the Commissioners or, at the option of the undertakers, by the arbitrator

Subsec (5) protects railway companies, who are not to be required to alter their frequency except by an Order made under Sec 16 of the Railways Act, 1921

Sec 16 of the Railways Act, 1921, provides that the Minister of Transport may make an Order requiring any railway company to conform gradually to measures of general standardization, including type, frequency and pressure of current, with a proviso that such Order shall not be enforceable if the company satisfies the Railway and Canal Commissioners that the capital expenditure cannot be undertaken without prejudicially affecting the interests of the existing stockholders The Minister, before making the Order, must refer it to a committee consisting of a representative of each of the amalgamated companies and three persons of experience in the matter who may hear evidence from anyone likely to be affected

And as a corollary to this an authorized undertaker supplying a railway cannot be required to alter the frequency of the supply until such an Order has been made

The financial arrangements in connection with this standardization of frequency are a little complicated. The Board advances the capital necessary to the undertaker carrying out the work free of interest. The Board of course has to borrow this money, and the financial powers of the Board in this respect are contained in Secs. 26-30, which are dealt with hereafter. It has not been considered right that the general public should bear the cost of this standardization, though eventually the whole nation will benefit by it. On the other hand it will be of advantage not only to the actual undertaker whose frequency is brought into line, but to the industry as a whole, and it is accordingly provided that the money shall be repaid by the industry as a whole. This provision incidentally disposes of the criticism based on the assumption that millions of the taxpayers' money is being thrown away upon standardization. The Electricity Commissioners act as the collecting agency—if the term is not derogatory—by whom the money is received from the industry and handed over to the Board. The necessary annual charges for interest and sinking fund are spread over the whole of the revenue received from the sale of electricity and apportioned between the suppliers in proportion to the revenue received from the sales. This apportionment is done by the Commissioners, who collect the sums due from the undertakers as they do the expenses of their own establishment (Act of 1919, Sec. 29, and Act of 1922, Sec. 7). But it is worth noting that under the earlier Acts the apportionment of the Commissioners' expenses is made on the basis of the number of units generated by the undertakers, whereas here the apportionment is on the basis of money received.

The calculations of the experts heard by the Weir Committee included this item of course in calculating the saving which would be made by standardization, and allowed for it.

Under the Act of 1919 (Sec 24) the Commissioners have power to require an alteration of frequency subject to a right of appeal to the Minister of Transport To avoid overlapping powers this section is not to be operative in any area where a scheme under the present Act has come into force (Subsec (6) of Sec 9) This gives rise to the slightly anomalous position that the Board is the authority to require alteration of frequency in certain areas and the Commissioners in others, but the difficulty is rather logical than practical since the Board acts only with the Commissioners' approval as regards changes made after a scheme is approved and the scheme in the first instance is drawn up by the Commissioners

A minor but important provision of Sec 9 is Subsec (2), which provides that so much of the Board's revenue as is required to meet the interest and sinking fund on money borrowed for standardization is not to be included in their receipts for rating purposes For various rating purposes contributions are exacted from industries not in proportion to their profits but in proportion to their fixed capital A high authority has said recently that this is an extraordinarily vicious principle, which we should hardly tolerate if immemorial usage did not blind our eyes to its significance.[1] The income and expenditure account of the Board —on which for rating purposes its profit capacity would be considered—is so large compared with the fixed capital

[1] *The Nation*, 4th December 1926

employed, that unless the matter of rating is dealt with on broad lines of national advantage the Board, and therefore the consumers of electricity, may be unduly penalized for the sake of local rates. Since the Board is not a profit-making concern, even in the sense that the term can be applied to municipal tramway undertakings, this would obviously be inequitable and contrary to the whole scheme of the Act. It is to be hoped that the parochial system of rating may be disregarded and the Board's undertaking valued as a whole.

So far supply to selected stations, or to owners of selected stations, only has been dealt with—the obligation to supply, under Sec. 7, Subsec. (2), and the price under Sec. 7, Subsec. (4).

Sec. 10 puts on the Board the obligation to supply all authorized undertakers in an area for which a scheme has been adopted if they ask for a supply, up to the amount necessary for their undertaking. The supply may be given, in the words of the section, "either directly or indirectly" —that is, presumably, either from a selected station which the Board are operating themselves, or from one which is being operated by the owners under Sec. 5, Subsec. (1). This is the broad obligation laid on the Board. It is qualified by several provisos to protect the interests of various undertakers. Firstly (Subsec. (1) (*a*)), the Board are not to supply to authorized undertakers in a power company's area without the power company's consent unless the undertakers have a right of veto on the power company's right to supply in any part of the area. This applies where a Municipal Authority forms a sort of enclave in a power company's area and such cases. But the undertaker must

have an absolute veto in order to be entitled to a supply from the Board without the power company's consent The "Kitson clause" is not enough The term "absolute right of veto" is defined, somewhat unnecessarily, in Sec 51 The protection given is cut down by the further provision that the power company must be ready to give a supply to the undertakers in their area on terms which the Commissioners consider reasonable If they are not, the Board may supply

Subsec (1) (*b*) gives a similar but greater protection to Joint Electricity Authorities The Board may not supply to any undertaker in the district of a Joint Authority without that authority's consent And in this case there is no appeal.

One undertaker in particular—as apart from a class—has been specially protected No supply is to be given in the Edinburgh and Lothians electricity district without the consent of the Edinburgh Corporation (Subsec (1) (*c*)). The Edinburgh Corporation possesses at Portobello a station with 40,000 k w. of plant installed, which will naturally become a selected station, being capable, possibly with extensions, of dealing with any load in the district for many years to come. It is not in the nature of things likely that the Board would want, or need, to supply these except through the Corporation, who have been recognized by the Edinburgh and Lothians Order as the generating authority for the district If some exceptional case arose—perhaps on the fringe of the district—it is difficult to believe that the Corporation would refuse consent if supply could more conveniently be given from outside The necessity for the particular protection is not clear, but seems hardly likely to be operative

The 2nd and 3rd subsections give a measure of protection to the Board and are designed to prevent undertakers using the supply which they are entitled to demand under Subsec. (1) as a stand-by or peak-load supply only. Since they are entitled to such a supply at a rate which will certainly be a low one, to take it on such terms might be extremely unremunerative to the Board and militate against the general economy of the system.

Or again, an authorized undertaker in some comparatively small town far removed from the Board's main transmission system might demand a supply which to give would necessitate a very expensive connection being made to the "grid." [1]

If the Board think, then, that to give any particular supply would entail unreasonable expense in providing transmission lines, they may put the case before the Commissioners, who may authorize them to impose such terms as may be thought fit on giving the supply (Subsec. (2)). And further, by Subsec. (3), when any undertakers demand a supply, the Board may make it a condition that they shall take their whole supply from the Board, and this whether the supply is through other undertakers or not. This does not of course apply to undertakers who own selected stations. But here again we are met with a further proviso to ensure that existing interests are most thoroughly protected. The Board (proviso (*a*) to Subsec. (3)) may not impose this condition (*i.e.* the condition that the whole supply is to be taken) unless they are satisfied that the cost to the undertakers for not less then seven years will be less

[1] This term has come to be used of the main transmission lines which the Board is to set up, but it is nowhere used in the Act and has legally no very definite meaning.

than the generating costs of the undertakers at the time If the undertakers are dissatisfied they may appeal to the Commissioners, and if the ground of appeal is that they could produce as cheaply themselves, they may demand that the matter be referred to the arbitrator (proviso (*b*)) A third proviso enacts that if the Board imposes such a condition they must take over any obligations which the undertakers may have entered into to take a supply in bulk from anyone else

Subsec (4) of Sec 10 gives the Board power to make arrangements with undertakers in an area before the work of a scheme is completed to take a supply of current and, inferentially, power to those undertakers to take the supply

Sec 10 is general in its terms, and the Board's obligation under it extends to supply to owners of selected stations But the particular obligation with regard to these in Sec 7 overrides the general and is more favourable to the undertakers

If it is necessary for transformers to be installed in order that the supply may be given, they must, it is suggested, be provided by the Board The obligation on the Board is to give a supply which the undertakers can use

Secs. 11, 12 and 13 deal with the extremely important question of the price of current supplied by the Board to authorized undertakers and by such undertakers in bulk to others—subject of course to the provisions of Sec. 7 (5), which has already been dealt with

Sec 11 deals with the price of current supplied directly to authorized undertakers, other than the owners of selected stations The greater part of the Board's output will be supplied to such owners, and the price of this has been

already dealt with. This section will apply where the Board take over or build a station and operate it themselves, and to the comparatively rare cases in which a supply is taken directly from the Board's main transmission lines. Its provisions must be considered in the light of this fact, otherwise they will be misleading. They have indeed led to a considerable amount of ill-judged criticism. Such supply is to be given according to a tariff fixed from time to time, and the section provides that it shall be so fixed that the Board's income shall cover their expenditure. This is, it must be said, a rather topsy-turvy piece of legislation. The price of a very large proportion of the Board's supply is fixed, as to its higher limit, by the cost of production at the selected stations. Theoretically, then, a large part of the Board's revenue is fixed and has no relation whatever to its expenses. If the sum obtained from the owners of selected stations does not cover its due proportion of the Board's expenditure, then the tariff will have to be made high enough to bear this added burden, and this might mean that it would be unduly high. An increase in revenue can be obtained only by raising the price of a small proportion of the output. Theoretically this is a difficulty. It is worth considering what it means from the practical point of view.

The Act is based, as is known, on the Report of Lord Weir's Committee, before which certain estimates of cost and of the saving to be effected by co-ordinated control and interconnection were given. These savings, together with that which will result from the diversity factor between different districts, are assumed, on good evidence, to be more than sufficient to pay the capital charges on transmission, plus the administration expenses of the Board's working.

These items together are estimated to be about 03d per unit, or a total sum, when the scheme is in full swing, of some £27 millions It is not unreasonable to assume that the Board, by co-ordination, etc, can save 10 per cent on the whole revenue from electricity supply, and under the same circumstances this would represent some £10,000,000

The total cost of generating the whole of the electricity used in the kingdom will therefore be reduced If this is not so—if this assumption is ill-founded—the whole scheme falls to the ground and the Act is a dead letter Criticism founded on this belief therefore is not particularly relevant to a section which is based on these estimates being correct. It is directed against the whole scheme of the Act

It is more important to note that the section prevents the Board from making a profit out of the sale of electricity. The fixing of the tariff must of course be done, having regard to any quantities of electricity which are sold at other than tariff rates, and the tariff is to be so adjusted that over a certain term (to be fixed by the Commissioners) the Board's income balances its expenditure, with such margin as the Commissioners may allow The margin, it may be assumed, is to cover contingencies and will not be large The fact that the Board is non-profit-earning is also of great importance from the rating point of view. A non-profit-earning concern will not pay so heavily in local rates, and this should further help the Board to keep down costs and therefore prices [1]

Subsec. (2) provides that the tariff shall be framed to show separately the fixed kilowatt charge and the running charge,

[1] See p 37 on the question of rating

which are to be ascertained on certain principles approved by the Commissioners. These are technical matters and rather beyond the scope of this work and the competence of its author.

If the Commissioners think fit they may authorize other methods of charge—it may in some cases be advisable—and the tariff is not to be necessarily a flat rate over the whole kingdom, but may be fixed at different rates in different areas.

The tariff fixed by the Commissioners under this section is not to come into operation until both Houses of Parliament have approved—or rather have had an opportunity of disapproving—it.

Sec. 12 deals with the price to be charged by authorized undertakers for a supply in bulk or for railway purposes when the supply is obtained in the first instance from the Board, either directly or indirectly. Its provisions ensure that the undertakers acting as middlemen shall not make a profit out of savings in cost which have been effected by the operations of the Board. The supply must be passed on at the price paid for it plus certain charges for the use of any transmission line which may be used for passing it on. These charges are set out in the Third Schedule and do not call for special comment. Reference may be made to the definition of "transmission line" in Sec. 52, which has already been noticed.[1] The Commissioners are to determine any difference between the Board and the undertaker as to what the proper price under this section should be.

Sec. 13—"Limitation on price to be charged to owners

[1] See p. 32.

of selected stations"—has already been dealt with in the notes on Sec 7

Sec 14 gives the Electricity Commissioners power to close certain uneconomical stations compulsorily on the application of the Board, subject to an appeal to the arbitrator It thus restores to a certain degree the powers which the Commissioners were given by the Bill introduced in 1919 and of which they were deprived in its passage through Parliament With the experience of the last five years in mind the power is obviously necessary if the scheme is to be a success, and it is carefully provided that it shall not be exercised in an arbitrary manner It applies naturally only to non-selected stations The procedure is as follows The Board must first satisfy themselves that from a selected station, either directly or indirectly, a supply can be given to the undertakers owning the station in question at a cost "below the then prevailing cost of generating energy at that station"—that is, the Board's offer must be less than, not merely "not greater than," the undertakers' then generating costs The undertakers must, if required, furnish the Commissioners with a statement of their costs for the purposes of this section, and presumably the Board can obtain these figures from the Commissioners. The Board must then undertake to furnish a supply, up to the amount the undertakers would require if the station were shut down, for a period of at least seven years, and notify the undertakers to this effect. If the undertakers refuse, or fail to agree within three months, to take a supply from the Board, the Board may refer the matter to the Electricity Commissioners. But the Commissioners cannot settle the matter simply on the

figures then placed before them. They must wait until the end apparently of the next subsequent year and compare the actual cost of production with the cost which the undertakers would have incurred if they had taken a like quantity from the Board on the terms offered. If the actual cost is "substantially" greater than the Board's offer the Commissioners "may" (not "shall") require the undertakers to close down the station and take a supply in bulk from the Board. It is obvious that questions may arise as to the limits which are put on the Commissioners' discretion by the word "substantially," and cases may arise which are on the border-line. It would have been better perhaps to have had the matter dealt with more precisely. On the other hand, it would have been practically impossible to insert, for instance, a percentage by which the Board's price must be less than the undertakers' generating costs, since the circumstances of each case will have to be considered separately to ascertain what saving is really worth while. If the undertakers are dissatisfied with the Commissioners' decision on this point they may refer the matter to the arbitrator. But if the Commissioners' decision be that the station could generate more cheaply than the Board could supply, no right of appeal against this decision is given to the Board.

It is obvious that no financial loss can fall on the undertakers by taking a supply in bulk from the Board. They will purchase their electricity at a price "substantially" less than that at which they could generate it themselves and their capital charges will remain unaltered. Their total expenditure must be lower. It is admitted that there are a very large number of small uneconomical stations

in Great Britain whose owners would probably have closed them before this if they had had another source of supply open to them To close them down will result in a first reduction due to the lower generating costs and a further reduction when the capital charges come to an end.

Sec. 15 extends to officers or servants of any authorized undertaker who are injuriously affected by the operation of a scheme or other proceedings of the Board the protection given by Sec 16 of the Act of 1919 as amended by Sec 21 of the Act of 1922 The protection given is set out fully in the Fourth Schedule The person affected has to prove that he comes under the section to the satisfaction of a referee appointed by the Minister of Labour, who may make rules as to the procedure before the referee for limiting the costs—a very necessary provision Any question whether a station has been closed or been restricted in working (so that some officer or servant has suffered) "under or in consequence of this Act" is to be determined by the Commissioners

Sec 16 contains some necessary consequential provisions —important but not complicated By Subsec. (1) power is given to authorized undertakers (a term which includes local authorities, joint electricity authorities and private companies) to enter into arrangements with the Board whenever the Board under this Act is given power to enter into arrangements with them. This gets rid of any difficulties which might arise as to the capacity of undertakers under their special Acts, Orders or other instruments which govern them

Subsecs (2) and (3) deal with the raising of capital by undertakers to carry out arrangements made with the

Board. This is done, in the case of local authorities or joint authorities, by making it a purpose for which they may borrow money under the Electricity Acts. Local authorities' borrowings must, under those Acts (Sec. 8 of the Act of 1882 and Sec. 20 of the Act of 1919), be sanctioned by the Commissioners. Joint authorities borrow money under Sec. 1 of the Act of 1922 with the consent of the Commissioners and subject to regulations made by the Minister of Transport and approved by the Treasury.

In the case of a company, which has limited powers of raising capital, it may submit a scheme to the Court for increasing or creating new capital without the necessity of obtaining an Act of Parliament. If the Court approves, the new capital ranks *pari passu* with the existing capital of its particular class. A joint stock company can alter the priority of its stocks with the sanction of the Courts, but the vast majority of authorized company undertakers are not joint stock companies, being incorporated by special Acts. It is doubtful whether, without this provision, they would have this power. It may be remembered that the Board is under an obligation to advance money free of interest to authorized undertakers for the purpose of standardization (Sec. 9) : no difficulty therefore will be experienced in raising capital for that purpose.

Sec. 17 is also a consequential provision. Under Sec. 5, if the owners of a selected station fail or refuse to carry out the Board's requirements the station may, subject to certain conditions, be transferred to another authorized undertaker or to the Board. The present section provides that if the station is, at the time of the transfer, being contracted, extended or repaired, the acquiring authority must,

naturally, take over the rights and liabilities in connection with any contract entered into by the original owners The same provision applies to the acquisition of a main transmission line under Sec 8 Subsec (2) of the present section is one which, it seems possible, may lead to awkward situations if it becomes operative The Board is not either directly or indirectly to become a distributing authority Consequently if a station which is transferred contains any plant which is essentially part of the distributing system of the original owners, that plant remains their property, and they are entitled at all times to have access to it The common sense of the engineers may be left, it is hoped, to get over the difficulties of a kind of dual control of the station which, theoretically, seems inadvisable The case arises of course only where the original owners of a selected station cannot or will not work with the Board, so it will probably be infrequent.

Sec 18 provides that the Board must obtain the consent of the Minister of Transport or the Commissioners in all cases where, under the earlier Acts, such a consent is necessary for carrying out any arrangements. The same rule applies to authorized undertakers and other persons concerned In other words, the authority of the Minister and the Commissioners remains in this respect unimpaired, and the Board has no special privileges Subsec (2) provides that when application has to be made for such a consent under the earlier Acts, the Minister or the Commissioners, in coming to a decision, are to take into account the provisions of this Act and to consider whether the application made to them is consonant with any scheme which has been made or proposed under it. At first sight this seems

an unnecessary provision. The Minister and the Commissioners would of course not be ignorant or lose sight of the Act, and would be very cognizant of any schemes which were in existence or being evolved; but the ingenuity of lawyers is great, and it might have been argued that, since a consent was required under an Act of 1919, what had been done in 1927 was irrelevant. Such an argument cannot now be advanced except as a very forlorn hope.

Sec. 19 has a side-note: "Special provisions as to London." London occupies a very special position in the supply problem, and this position has been recognized in the Act. Besides Sec. 19, reference may be made to Sec. 7, Subsec. (7); Sec. 32, Subsec. (2); par. (*f*) of the Second Schedule and par. (7) (*b*) of the Third Schedule. The present section provides that the provisions of a scheme made under this Act may override those of a scheme made under the London and Home Counties Order of 1925 or either of the London Electricity Acts of the same year. This brings in a third power over the heads of both the Joint Authority and the London companies, and it is hoped will compose their differences and lead to London being dealt with as a whole in the most economical way.

Secs. 20-25 are headed "Subsidiary Provisions as to the Board." Sec. 21, "Acquisition of land by the Board," Sec. 22, "Power to use main transmission lines by agreement," and Sec. 25, "Annual report, statistics and returns," do not need special notice. Their contents are sufficiently indicated by their titles. Secs. 20 and 23 merit a little closer attention.

Sec. 20 makes the Board "undertakers" and "authorized undertakers" under the Electricity Acts, and the present

Act is a special Act so far as the Board is concerned—that is to say, whenever there is a provision in one of the earlier Acts that an "undertaker"[1] or an "authorized undertaker" shall or shall not do something, or shall or shall not have any particular powers, that provision applies to the Board with the exception, naturally, that Secs 2 and 3 of the 1888 Act, which are the sections under which the local authorities can (or could) purchase the company undertakings, are not to apply to the Board The Clauses Act of 1899, or rather the Schedule, is to be incorporated with the present Act subject to such modifications as the Commissioners may prescribe This they are to do by means of regulations, of which Parliament is to have an opportunity of disapproving if necessary

Subsec (3) lays down substantively that the Board shall not supply directly except to authorized undertakers—that is to say, they are to some extent in a similar position to a power company There are two exceptions to this rule

(*a*) If a selected station does not belong to an authorized undertaker, or is transferred to some company or person who is not an authorized undertaker, the Board may supply to that owner or transferee to the extent to which the latter may demand a supply The case would be extremely rare If the original owner failed or refused to carry on under the Board's directions, it is not likely that the station would be transferred to a body which was not an authorized undertaker.

[1] The word "undertaker" is defined in the Act of 1909 (Sec 25) as "any local authority, company or person authorized to supply electricity to whom the Electric Lighting Acts apply"

(*b*) The second exception is more important. With the Commissioners' consent the Board may supply any company, body or person with a supply for power in what is sometimes called an "unoccupied" area—that is, an area which does not form part of the area of supply of an authorized undertaker. It may well happen that the Board's main transmission lines will cross such an unoccupied area, and it is obviously convenient in such a case that the Board should be able to supply demands in that area where it is technically a feasible proposition. Where energy is taken in this way for power it may be used for lighting the premises in which the power is used. There is no such condition here as is inserted sometimes in similar clauses, that the amount of energy used for light must bear any particular proportion to that used for power. Logically there is nothing to prevent a large building being fully lighted on condition that power was taken to work a lift or a fan. But the Commissioners would probably lay down that the supply taken must be substantially for power. The reason for the distinction is not clear. The provision is familiar enough when used to protect the rights of an existing undertaker against another—a local authority against a power company for example; but here the hypothesis is that there is no possible supply other than that which the Board may give, and there seems no logical reason why it should not be used for light. An interesting question might arise if power is used for agricultural

purposes as to the extent to which the various buildings belonging to a farm may be lighted.

Sec 23 enables the Board to purchase electricity from anyone — not necessarily an undertaker — who has any surplus to dispose of. It is intended to enable any surplus energy generated by owners of water-power or waste-heat plant to be fed into the general system, which, if the financial arrangements are satisfactory, would be advantageous to the Board and so to the public, as well as to the producer, whose plant could be worked at a higher load factor The wording of the section covers electricity produced by any method and by authorized undertakers— if such a case arises which is not dealt with under other provisions of the Act. The Commissioners may authorize the Board to break up roads, etc , and exercise all powers necessary to convey the purchased current on to their system.

The provisions of Sec. 15, Subsec (2) of the 1919 Act are by this section applied to the Board The effect of this is that the Board may utilize any form of energy which the other party to an arrangement has for disposal, subject to the consent of the Commissioners, but may not supply any form of energy, other than electricity in the area to any undertaker who is already supplying that form of energy, without consent The provision is not likely to be much utilized.

One point in Sec 21 may be noted The section deals with wayleaves The normal procedure will be that the Board will acquire a wayleave under Sec 22 of the Act of 1919 , they are given power by that section to place lines across any land other than land covered by buildings or

used as a garden or pleasure ground. If the owner object, the matter is referred to the Minister of Transport, who may refuse permission or grant it subject to conditions. It is apparent that this very limited power might greatly handicap the Board in the erection of main transmission lines, and the present section gives them power to acquire lands or easements compulsorily in the way in which a local authority may acquire land for generating stations compulsorily. But this procedure is not to be resorted to unless the Commissioners and the Minister are satisfied that the object sought cannot be efficiently and economically obtained by acquiring a wayleave under Sec. 22 of the Act of 1919.

It is essential that the Board's work should not be held up and the cost of electricity increased by any unreasonable demands on the part of landowners, and the section goes at least part of the way to ensure that.[1]

We have next to deal with the "Financial Provisions" of the Act (Secs. 26-30). These have given rise to much criticism, largely based on a misapprehension of their meaning and effect.

Sec. 26 provides for all sums received by the Board being paid into a separate account, and sets out what payments from this fund the Board are to make. Generally, of course, all their expenses must be paid out of receipts, but certain items are particularized. These are: (1) Salaries and fees to members, officers and servants of the Board. (2) Pensions and gratuities. This would enable the Board to give lump sums rather than retiring allowances if they thought it desirable. (3) Repayment to the Commissioners of expenses

[1] See notes on Sec. 44, p. 71.

incurred in preparing schemes under the Act The schemes are prepared, under Sec 4, by the Commissioners for the Board a scheme, when adopted, is the Board's scheme, and they are responsible for it It is therefore their business to pay for it (4) Repayment to the Minister of Transport of any expenses he has incurred before the Act came into operation in connection with the preparation of schemes, with interest at the rate of 5 per cent.

A good deal of money—the figure was given in the House of Commons as £30,000—has already been spent by the Minister, either directly or through the Commissioners, in the preliminary work of preparing schemes, and this must now be repaid The Government seem to have been convinced of the urgency of the matter and wished to have a scheme more or less ready for inquiry as soon as the Act became operative Its preparation and the passage of the Act have gone on concurrently. Hence the necessity of this provision for retrospective payment

Sec. 27, giving the Board power to borrow money, has given rise to the greatest misconception The Board may borrow specifically for the following purposes (Subsec (2)).

(*a*) The construction or acquisition of main transmission lines or generating stations (see Secs 5 (2), 6 (2), 8 (1) and (2))

(*b*) Any other payment or any permanent work which the Board are authorized to do and of which the Commissioners think the cost should be spread over a term of years

This will almost certainly include the cost of standardization of frequency (Sec 9) It is also provided in

Subsec. (2) (*b*) that the Board may borrow to pay interest on capital for the period during which it remains unremunerative. What that period is the Commissioners, after consulting the Treasury, are to determine. The Board may also borrow (Subsec. (2) (*c*) and (*d*)) to provide working capital and for any other purpose for which the Act authorizes them to borrow. This last is a kind of "mopping-up" clause, put in to cover anything which may have been inadvertently left out of the particular list or is too small to be worth including in it.

Subsec. (1) gives the general power to borrow for the above purposes. But to any borrowing the consent of the Commissioners is required, and it is to be done subject only to regulations as to repayment and the like made by the Minister of Transport, approved by the Treasury.

Subsec. (3) provides that all money borrowed is to be repaid within such period as the Commissioners may determine, and that that period is not to be more than sixty years. Presumably here also the Treasury will in effect have a controlling voice, since under Subsec. (1) they are to approve the regulations dealing, *inter alia*, with the question of repayment.

The maximum sum which the Board may borrow is £33,500,000 (Subsec. (4)), and they may not borrow in excess of this amount without a special Order under Sec. 26 of the 1919 Act—that is, an Order made by the Commissioners and confirmed by the Minister of Transport. There are two points to be specially considered here: First, the sum is a maximum and is not to be exceeded. It is of course based on figures submitted by the experts who gave evidence before the Weir Committee, but it is

not expressed in the Act to be the estimated cost of any particular piece of work It is not in the Act, whatever its origin may have been, an engineering estimate for work which may prove more costly in the end It is practically the Board's authorized capital and they cannot issue more, and therefore they cannot spend more, without a special Order The second point to note is that the money is to be raised by the issue of stock to the public (Sec 28). It is not a Government grant but, with one important exception, is comparable to the issue made by any large power company The amount is of course large, but the work to be carried out will be spread over a number of years, and the Board, composed of business men, is not likely to issue more capital than is necessary from time to time With regard to the actual figure, Lord Weir's Report suggested that the amount necessary for the construction of main transmission lines, as outlined in the suggestive and tentative scheme, would be £25,000,000, which included capitalized interest until the earnings were sufficient for all purposes The Report also suggested that the estimated net cost of standardization of frequency spread over a period of three to four years should not exceed £8,000,000. The amount mentioned in the Act is closely approximate to the sum of these two figures But it may be repeated that there is nothing in the Act to compel the Board to spend any particular sum in any particular way.

Subsec (5) allows the Board to suspend interest and sinking fund payments for a period not exceeding five years, subject to the consent of the Commissioners, who are to consult the Treasury before deciding This is a quite usual provision and calls for no comment

Sec. 29 provides for a Treasury guarantee to the Board. It is in form permissive, the words of the section being "Subject to the provisions of this section, the Treasury may guarantee . . . the payment of the interest and principal of any loan proposed to be raised by the Board, or of either the interest or the principal." It is apparent, however, that it is the intention of the Government to guarantee at any rate the interest on the stock issued by the Board, and a great deal of criticism has been directed against the Act on this point. The criticism has been largely of a political nature and, the Act being now law, is not of more than historical interest. The object of this guarantee is of course to enable the Board to raise money for their undertaking at a lower rate of interest than might otherwise be possible. The Board is not to make profits and can hold out therefore no glowing prospects of high dividends to the speculative and adventurous investor. And in the early days they will possess no works nor any undertaking on which the loans could be a charge; they are therefore not in the position of an established company, which can point to its past record as a guarantee of future success. Under such circumstances the financial world might have been unwilling to lend money except at such a rate of interest as would react unfavourably on the finances of the Board and so on the price of electricity to the public. The Treasury guarantee turns the Board's stock into a very safe investment, and it should not be difficult to raise the required capital at a reasonable rate. If this can be done, and if the industry as a whole acts in the spirit already expressed by some of its leaders and—now that the Act is passed—co-operates wholeheartedly

with the Board to make their enterprise a success, there is very little prospect of the Treasury being called upon to find any money Possibly a few thousand pounds for management expenses may have to be advanced during the first years, but this is not a serious matter Any moneys advanced by the Treasury are a charge on the Board's undertaking and revenues next after the principal and interest of the loan guaranteed and any sinking fund payments the Board may be making to repay the loan The Treasury has to lay before Parliament every year a statement of any money advanced to the Board, so opportunity is given for criticism and discussion of the financial aspect of the Board's work in Parliament

Sec 30 provides that the Board's accounts shall be audited and published, and shall be sold at a price not exceeding one shilling They will thus be within reach of all, and should provide some excellent light reading

It is of course clear that cheap electricity cannot be made by Act of Parliament it is an engineering question, and it is not the province of the author to criticize the figures given by various experts on either side nor to prophesy either the speedy arrival of the millennium or the immediate downfall of the Empire Probably neither event is imminent But looking only at the provisions of the Act there is nothing which should militate against the success of the general scheme, there is no provision for a lavish expenditure of public money, and the Treasury guarantee, in a paradoxical sense, is the less likely to be called on simply because it exists

The next four sections of the Act, Secs 31-35, are headed "Miscellaneous Provisions," and are of varying

importance. The first (Sec. 31) deals with power companies, and imposes on them certain restrictions. The history of these companies is a chequered one, and many of them have had a hard fight to attain even moderate prosperity. As Lord Weir's Committee reported: "While the Power Companies have rights that are definitely monopolistic, it would be unfair to ignore the fact that very valuable development has been achieved under their ægis. All of them have taken big risks and few of them have yet attained the standard dividend." Any interference with their rights which might lead to loss of efficiency in the broadest sense and directly or indirectly increase the price of the supply given should be carefully scrutinized. On the other hand it must be remembered that in the Acts of 1919 and 1922 special provisions were inserted for their protection, and other sections made a limitation of their powers in one direction conditional on an extension in another.[1] The present section rightly considered is not likely to interfere with them unduly. Subsec. (1) gives the Minister of Transport power to revise the maximum and the standard prices charged by the company. But this power is to be exercised only where the company takes a supply from the Board and, *ex hypothesi*, its costs will then be reduced. In addition, the revision of the maximum price is not to apply to supplies given in bulk to authorized distributors—which are a large proportion of the load of most power companies. In revising prices the Minister is to have regard to the change in cost brought about by the operation of the present Act. Thus if a power com-

[1] See Secs. 12 and 14 of the Act of 1919 and Secs. 16 and 17 of the Act of 1922.

pany continues as at present the subsection has no effect, if it takes a supply from the Board the Minister may consider the effect of this on the company's costs and revise prices accordingly, with the exception noted. The power to revise prices of course already exists (Act of 1922, Sec 22), and the section simply extends it Its real object is to ensure that the benefit of the Board's working—the obtaining by the company of electricity at a lower cost—shall not go entirely to the company, but shall be passed on to their consumers.

Subsec (2) gives power to the Commissioners to repeal the powers which certain power companies possess to make up back dividends to the standard rate The power has never been exercised, and in at least one case has been voluntarily given up It is improbable that, left as they are, the power companies would ever be in a position to exercise it, and if by the operations of the Board the companies—or any one of them—are placed in a position where such back dividends might be made up, it would not be equitable that savings so made should be thus disposed of It should be noted that the Commissioners can exercise this power only by special Order—which means practically that they must hold an inquiry—and a special Order has to be laid before both Houses of Parliament before it comes into force Neither subsection is compulsory, the Minister and the Commissioners may, but need not, take action under the powers given them

Sec 32 relates to the imposition of a sliding scale of dividends and charges on companies taking a supply from the Board. It does not apply to power companies, since this provision is already contained in almost all power

companies' Acts. It does not apply to the "London Companies"—a term which includes the fourteen companies authorized to supply in the London district—nor to any company which may be formed by what is known as the "Four Company" group, nor apparently to the company already formed by the "Ten Company" group —*i.e.* the London Power Company. All these companies are already subject to a sliding scale under the London Electricity Acts of 1925. It applies therefore only to provincial distributing companies which receive a supply directly or indirectly from the Board. In such cases the Commissioners may impose a sliding scale by special Order under Sec. 26 of the 1919 Act. Ultimately the Board will, if anticipations are realized, become, directly or indirectly, almost the sole source of supply, and the sliding scale will therefore be universal. It is the only assurance given in the Act that the reduction in generation costs caused by interconnection, centralization and co-operation will be passed on to the individual consumer by the companies. Reference may be made here to the corresponding provision in the case of local authorities. This is to be found, rather indirectly, in the Fifth Schedule, where the desired result is achieved—it is to be hoped—by an amendment of the Schedule to the Clauses Act of 1899. Under Clause 7 of that Schedule a local authority may accumulate a reserve fund up to one-tenth of their aggregate capital expenditure. In any year the net surplus and the annual proceeds of the reserve fund when it amounts to the prescribed limit are to be employed in reducing the local rate, improving the district or reduction of debt, at the option of the authority. But if the surplus exceeds five

per cent on the aggregate capital expenditure the excess is to be employed in reduction of charges By the Schedule to the present Act this provision is repealed, and it is made compulsory on the authority to apply the net surplus in any year and the proceeds of the reserve fund (*a*) in reduction of charges, (*b*) in reduction of borrowed capital; (*c*) in payment of expenses chargeable to capital, if the Commissioners agree; and (*d*) in aid of the local rate: with a proviso that the amount to be allocated to (*d*) is not to exceed one and a half per cent on the aggregate capital expenditure, and after 1st March 1930 no sum is to be allocated for this purpose unless the reserve amounts to more than one-twentieth of the same expenditure. No provision is made for any definite division of the available fund between (*a*), (*b*) and (*c*) It should be remembered that local authorities' charges are also open to revision under Sec 22 of the Act of 1922 These provisions taken together, Sec. 32 for the companies and the Fifth Schedule for the local authorities, are meant to ensure that the individual consumer shall benefit by the Act. They certainly do something for him, and it is wrong to say that the Act will benefit only the distributing authorities and the large power users, who can always drive bargains. But it is questionable if they do enough Many companies and many local authorities have an honourable record in the way of price reduction, but there are too many exceptions, and these provisions are hardly stringent enough to bring about a reduction of price in the absence of a will in that direction on the part of the distributor

Sec 33 allows the Board and any Joint Authority to adopt the provisions of the Local Government Officers

Superannuation Act, 1922, if they wish to. That Act provides that any officer or servant who has completed ten years' service and is incapacitated through ill-health, or has served forty years and is over sixty, or has reached the age of sixty-five, when he is compulsorily retired, is entitled to a superannuation allowance on a scale which is given in that Act. The section is permissive only, but almost unquestionably the Board will adopt some scheme of the sort, and the Act referred to is a useful guide.

Secs. 34 and 35 contain incidental but in a way important provisions with regard to lopping trees and hedges and laying mains over county bridges. They do not call for special comment.

Sec. 36 is an interesting amendment of the much-debated Sec. 5 of the Act of 1919, which dealt with the delimitation of districts and the submission of schemes to the Commissioners by interested parties. That section is repealed and the provisions of the present section substituted for it. They have the double merit of being shorter and simpler. It will be remembered that under the 1919 Act the Commissioners invite interested parties to prepare schemes for the improvement of supply in a delimited district. The duty of preparing a scheme is now put on to the Commissioners after consultation with the authorized undertakers in the proposed district. After the scheme is published—that is, after the Commissioners have consulted the undertakers and presumably agreed or determined the general lines on which the scheme is to be planned—a public inquiry is to be held, where all parties interested may make representations. This should certainly shorten the proceedings at such inquiries, which have frequently been

unduly protracted The comparative merits of rival schemes will no longer be the subject of animated debate, but only amendments to a scheme which has already been pretty fully considered It may be said that the amendment gives greater—to some minds, undue—power to the Commissioners But it must be remembered that local inquiries, at which schemes submitted by undertakers and others were adopted, have already been held in eight districts, and there is little room for any further important schemes being put before the Commissioners. The creation of the Electricity Board and the working of the scheme or schemes approved by them will make further local schemes unnecessary as far as generation goes, and schemes for distribution, though they may be exceedingly important, are not likely to be so controversial To a certain extent the importance of Joint Authorities is diminished by the existence of the Board, they will no longer be practically supreme in their own districts, although they are to have the first option of operating selected stations whose owners refuse to come into the general scheme, and may, if the Board think fit, be entrusted with the building of new generating stations But the net result of any really national or far-reaching scheme must of course be to diminish to some extent the powers of more or less local bodies

Under Secs 37 and 38 schemes made under the 1919 Act may contain provisions for a Joint Authority to carry out works for the development of supply in its district and for altering its constitution; and the power to make orders altering the Order giving effect to a scheme, which the Commissioners possess under Sec 7, Subsec (3) of the 1919

Act, is definitely stated to include power to constitute a Joint Authority when the original scheme did not provide for one. These amendments are probably explanatory. Their provisions, it might well be argued, are already covered by the earlier Act, but it is well to have points which might give rise to discussion cleared up.

Sec. 39 deals with the purchase of company undertakings which are created by special Order after the date of the present Act (15th Dec. 1926). These are hardly likely to be numerous. If they are small, the existing law will apply to them. It may be remembered that by Sec. 13, Subsec. (3) of the Act of 1919 the local authority's right of purchase of an undertaking within their district cannot be exercised without the consent of the Commissioners (subject possibly to the Commissioners having declared their intention of holding an inquiry into the supply in the area concerned).

But if such a new company is formed by special Order, and if, in the Commissioners' opinion, its area of supply is sufficiently large, and includes the whole of the districts of two or more local authorities, the provisions of this section will apply to the purchase of its undertaking. If the area of supply is wholly or mainly in the district of a Joint Authority, the power of purchase is vested in that Authority. If two Joint Authorities are concerned, the Commissioners are to determine which should purchase or how the undertaking should be divided.[1] If there is no Joint Authority, the purchase power is to be exercised by a joint committee of the local authorities concerned, which can be set up under Sec. 8 of the Act of 1909. The old

[1] There are only three Joint Authorities in existence, so this provision is not likely to be of much practical importance.

1888 terms are no longer to apply The company is to have a life of fifty years, and notice to purchase may be given six months after the term is expired and six months after the expiration of every subsequent period of ten years. The price is to be "a sum equal to the capital properly expended for the provision of the land, buildings, works, material and plant of the undertakers in use or available and suitable for use at the time of the purchase for the purposes of the undertaking, less depreciation according to such scale as may be determined by special Order." This presumably means that the rate of depreciation will be determined by the special Order authorizing the supply This Order may also impose a sliding scale on the company

The Weir Committee recommended the abolition of the purchase right of local authorities altogether, the Act does not give full effect to this recommendation, but it is improbable that much more will be heard of it Under Sec 13 of the 1919 Act the power may be transferred to the Joint Authority, and under this Act a Joint Board or Committee may be easily transformed into a Joint Authority. In London, by the Acts of 1925, the companies are purchasable only in 1971 by the Joint Authority, and it is difficult to believe that any small local authority will in future be allowed to purchase part of a large company's system simply because it is within their area.

Secs. 40 and 41 deal also with purchase rights and terms

The purchase of a company undertaking which has ceased to generate for itself, closed down its stations and takes a bulk supply from the Board or any other source is dealt with in Sec. 40 The right of the local authority

is left untouched subject to the last section, but the terms of purchase are varied from those in the Act of 1888. If the undertaking is purchased under Sec. 2 of that Act or any terms based on the same principle, an additional sum is to be paid representing the capital properly expended on plant and other assets which are not used because a bulk supply is taken, after deducting the amount which should, in the Commissioners' opinion, be written off.

In the absence of such a provision as this it would be open to a local authority to purchase the distribution system of a company taking a bulk supply and leave the company with the useless generating plant.

Sec. 41 allows local authorities and companies to enter into agreements to vary the purchase terms, with the Commissioners' approval, if they wish to do so. Without this one of the parties to such an agreement would have to promote an Act to confirm the agreement: this expense is now avoided.

It would have been more convenient from the layman's point of view if Sec. 42, "Methods of Charge," had been included in a group of sections all dealing with prices of current—that is, with Sec. 7, Subsec. (3) and (4), prices to be paid by the Board to owners of selected stations and vice versa; Sec. 11, price for current supplied directly by the Board to authorized undertakers—*i.e.* supply in bulk from the "grid"; Sec. 12, price to be charged by authorized undertakers for current they receive directly or indirectly from the Board; Sec. 13, which limits the price to be charged by the Board under Sec. 7 (3); Sec. 31, prices to be charged by power companies; Sec. 32, relation of charges to dividends; and the Schedules dealing with the

method by which these prices are to be ascertained The present section, added to these, gives all the information contained in the Act on the question of prices—which is so vitally important both from the point of view of the public and the undertaker. This section deals with methods of charge, and provides that if undertakers are authorized by special Order or by an approval under Sec 31 of the Schedule to the Clauses Act, 1899, they may charge a "fixed or service charge," and in addition a charge for the actual quantity of energy supplied This refers to the charges made by authorized undertakers to "any ordinary consumer," and applies generally whether the undertaker takes a supply from the Board or not It cannot by itself of course have the effect of reducing prices, but may lead to a more equitable adjustment between different classes of consumers The fixed or service charge may include charges for rent of meters or of apparatus lines and fittings, where the undertaker has power to hire out these things The section does not give power to do so by itself A special Order or approval may give the consumer the option to be charged by alternative methods, but if this option is to be of real use the sales department of most undertakers will have to give consumers a great deal more information than they do at present The Act, dealing really with generation, does not touch points such as these, but they are in fact vitally important if the scheme is to be a success socially and not merely to supply cheap power to manufacturers which may, in the worst cases, lead only to increased profits.

Clause 31 of the Clauses Act, 1899, referred to in this section, provides that undertakers may charge by "such

method as may from time to time be approved by the Board of Trade (now the Minister of Transport)." Subclause (2) of that clause gave the consumer an option to be charged in one of the other methods suggested in Subclause (1), but was repealed by Sec. 22 of the Act of 1922. The ordinary consumer was thus deprived of his power to prevent various admirable systems of charge from becoming effective. The present section restores this power, but in a very limited degree. The option is to be given where the Commissioners in making a special Order, or the Minister of Transport in giving an approval, think it expedient. This should safeguard the legitimate interests of the consumer while preventing prejudice from delaying needed reforms.

Sec. 43 amends the Clauses Act in accordance with the Fifth Schedule of this Act. The effect of this amendment has been dealt with in the notes to Sec. 32.[1] It deals with the passing on of the benefit of reduced costs by local authority undertakers to consumers.

A further minor amendment to the Clauses Act is the insertion of the words "or electrical control of railways" in Sec. 20, which deals with the protection of wires and lines used by railway companies. The section was originally confined to wires or lines used for "telegraphic, telephonic or electric signalling communication," and the above words have now been added because there may be wires or lines of essential importance which do not come under the head of telegraphic, telephonic or electric signalling communication. Both amendments of the Clauses Act are retrospective, and any Act or Order which does not

[1] See p. 61.

incorporate the Clauses Act but contains corresponding provisions is to be amended in the same way.

Another amendment of some importance is made by Sec 44, with regard to overhead wires and wayleaves. Under Sec 21 of the Act of 1919 the consent of a local authority to the placing of overhead lines is not required if the Minister of Transport agrees Under Sec. 22 of the same Act undertakers must serve notice on the owner of any land across which they propose to place lines, and may not place them without his consent until the matter has been decided by the Minister of Transport. The effect of these two sections is that the undertakers have to go twice before the Minister—first, to get his consent to place lines at all before serving notice on the owner, and then, if the owner objects, to justify the actual placing in face of that objection. The present section enables the Minister to hear the original application and the objection together, thus saving time and expense [1]

Sec 45, "Power to recover charge for reconnection," is self-explanatory. It is to be hoped that distributing authorities will see the wisdom of making charges for connection or reconnection as low as possible, if they cannot be altogether abolished, as the initial cost of the installation is one of the greatest obstacles in the way of the ordinary domestic use of electricity

Secs 46 and 47 deal with supply by and to railways and similar undertakings

Sec. 46 gives power to a railway company which owns a generating station to give a supply to another railway company, with the consent of the Commissioners. The

[1] See notes on Sec 21, p. 54

general policy of the Commissioners and of the Acts of 1919 and 1922, it is believed, is that where possible a railway load should be given from a general supply station, and that the railways should not erect their own generating stations. Where no other supply is available, however, it is obviously desirable that one railway should be allowed to supply another.

Following on this, it is provided by the next section (Sec. 47) that where any authorized undertakers supply electricity to a railway company[1] whose undertaking is situated partly outside their area of supply, they may supply it for any purposes of the railway undertaking whether inside or outside the suppliers' area, and the railway may use the supply for any purpose for which they are authorized to use electricity. This is all subject to such conditions and limitations, either generally or in a particular case, as the Minister of Transport may prescribe. It has always seemed a trifle ridiculous that electricity should be insulated and cut off by lines drawn on maps, and the original doctrine of parochial supply, in its unmitigated form, of course prevented a supply being given to railways at all for haulage or traction. This was found unworkable, and various private arrangements culminated in very similar powers to those of the present section being given to Joint Authorities and power companies by Sec. 24 of the 1922 Act. The present section extends the power to any authorized undertaker. It is part of the general idea that power should be obtained from the best source and used in the best way, regardless of local jealousies

[1] Or to a dock, harbour or canal undertaking, but not to a tramway undertaking.

and boundaries, which are, from the engineer's point of view, meaningless obstacles to an efficient supply

The Minister is to give notice by advertisement that an application has been made for his consent under this section, and is to hear the objections of any person who appears to him to be affected

The sale of fittings by local authorities, dealt with by Sec 48, is a subject which has excited a good deal of attention It is frequently forgotten that many municipalities already have this power and no new principle is introduced. The section gives a general power to Joint Authorities and any local authority which is authorized to supply electricity to sell fittings Fittings comprise apparatus of all sorts Power is also given to install fittings and charge rents which may be agreed Special safeguards are provided to ensure that these powers are not abused The local authority is not to manufacture the fittings nor to sell them except to a consumer or to a contractor who is to sell to a particular consumer. In the first case they must not charge less than the usual retail price, and in the second not less than the usual trade price And the financial results of this trading are to be shown separately in their accounts.

The Commissioners are to appoint a committee of representatives of local authorities, contractors and retailers to settle questions as to price and generally to advise as to the best ways of carrying out the purposes of this section

If electricity is to spread among domestic consumers, it is of course essential that every facility should be given to such consumers to obtain fittings at the cheapest possible rate Standardization should aid this, and perhaps even more the suggestions of Lord Weir's Committee that the

sales side is as important as the technical side of an electrical undertaking. Electricity is not a patent medicine, and there is nothing undignified in devoting skill and energy to promoting its use in every possible way.

Several "minor amendments" are made by Sec. 50 in the earlier Acts. They are set out in detail in the Sixth Schedule, and are in fact minor amendments which call for no special mention.

Secs. 51 and 52 are headed "General." The first is an interpretation section, the second gives a title to the Act, and provides that it shall not apply to Northern Ireland. To the Free State, of course, Acts passed by the British Parliament do not apply.

Some of the definitions are worth noting. There are two definitions of the term "generating station" in existence. In the Act of 1909 it is defined as "any station for generating, transforming, converting or distributing electricity." In the Act of 1919 it is defined to exclude "any station for transforming, converting or distributing electricity." The latter definition is to be adopted in the present Act—that is, in this Act the words "generating station" do not include sub-stations, but they include buildings and plant and site used simply for generating. And it may be noted they include a "site intended to be used for a generating station."

The definition of "transmission line" has been referred to before.[1] It is a curious and rather confusing one. In fact it is not a definition at all, because it is necessary to find out first in what sense the words are actually used in the Act—to what works they in fact refer—and then to

[1] See p. 32.

refer to the definition to find out what they mean! The section provides that when "transmission line" is used to mean a main transmission line in the sense of the definition in the 1919 Act it includes all the works included in that definition But the section further provides that where the expression is used in this Act of a line which is not a main transmission line—it includes the works in connection with the line—that is, it does not mean simply the line or cable alone The whole definition seems to leave something to be desired in the way of clearness

"Owners" includes occupiers who operate a station —a definition which may give occasion for trouble, as has been said in the notes on Sec 7 [1]

"Authorized undertakers" includes a Joint Authority This definition is for the sake of sureness—the term probably would in any case, since a Joint Authority is by statute an undertaker in the meaning of the Electricity Acts (Act of 1919, Sec 12 (2)).

The Schedules to the Act are seven The important parts of these have been dealt with in the text

[1] See p 30

ARBITRATION UNDER THE ACT

WHERE any matter is referred to arbitration under the Act, except in one case referred to below (Sec. 8 (3)), the arbitrator is to be a barrister (in Scotland an advocate) qualified for judicial office—that is, of not less than ten years' standing, and selected by the Minister of Transport from panels set up by the Lord Chancellor in England and the Lord President of the Court of Session in Scotland. The actual choice of the arbitrator is made by the Minister of Transport, but his choice is strictly limited to the barristers selected by the Lord Chancellor in England or the advocates selected by the Lord President in Scotland.

The following are the matters which may be referred to arbitration:

Sec. 4 (3). Obligations imposed on authorized undertakers by a scheme adopted by the Board which those undertakers think it would be prejudicial to them to carry out.

Sec. 5 (1). Directions of the Board to owners of selected stations as to extensions or alterations which the owners consider impose an unreasonable financial burden on them.

Sec. 8 (3). The amount of expenses incurred by undertakers in altering or replacing switch gear in connection with the Board's main transmission lines, or the necessity for such alteration or replacement. (In this case the Minister's choice of an arbitrator is not limited to the members of the panel.)

Sec 9 (4) The amount of expenses incurred by authorized undertakers or owners of selected stations in carrying out the Board's requirements with regard to standardization of frequency.

Sec. 10 (3) (*b*) The condition that undertakers (not owning a selected station) shall take the whole of their supply from the Board if they demand a supply at all

Sec 14 (2) The question of the cost which undertakers would incur in generating for themselves as compared with taking a supply from the Board when the Commissioners order the generating station of such undertakers to be shut down

Schedule I The question of the amount to be paid by the Board for the acquisition of a main transmission line if either the Board or the owners are dissatisfied with the decision of the auditor appointed by the Commissioners

Schedule VI. (Amendment of Sec 15 of the Act of 1919) The reasonableness of the refusal of any statutory water undertakers to agree to an order authorizing the abstraction of water from any reservoir or other of their works.

In all these cases (except the last) the arbitrator may, if he likes, call in the aid of one or more qualified assessors and hear the case wholly or partially with their assistance

Under Sec 7 (6) questions between the Board and the owners of a selected station as to the cost of production at that station are to be determined by an auditor appointed by the Minister of Transport If questions arise which do

not relate to cost of production they are to be determined by the Commissioners.

(The rules for ascertaining the cost of production are set out in the Second Schedule.)

Here, in one case the auditor, and in others the Commissioners act in a sense as arbitrators between the Board and the owners of selected stations.

RELATIONS BETWEEN THE BOARD AND THE COMMISSIONERS UNDER THE ACT

UNDER Sec 4 the Commissioners prepare a scheme which they transmit to the Board, and the Board hold an inquiry into it, giving an opportunity to interested persons to present objections In this case the Commissioners act in a sense as the technical advisers to the Board The Commissioners, however, it must be remembered, are a Government Department, a branch of the Ministry of Transport, and are responsible to the Minister and not to the Board.

The Commissioners' approval is required to the Board's directions as to the following matters

Sec 5 (1) Additional alterations and extensions to selected stations—that is, additional to those provided for in the original scheme

This is rather anomalous. The Commissioners may provide in their original scheme for certain additions and alterations to selected stations and these provisions may be modified by the Board But if the Board wish subsequently to make further additions or alterations they cannot do so without the consent of the Commissioners Possibly it might be argued that the original decision is one of policy, and should therefore be left to the Board, while the additional matters are engineering questions, and fall more naturally to the Commissioners But the distinction is not obvious.

Sec. 5 (3) The Board may not themselves operate a selected station till they satisfy the Commissioners

they cannot make satisfactory arrangements with any other authorized undertaker, company or person.

Sec. 6 (2) and (3). Here is the same provision as regards building a new station. The Board has to satisfy the Commissioners there is no one else who can do it, and the Commissioners may then, if they think fit, authorize the Board to build. The same provision applies to operating a new, as an existing, selected station.

These last provisions, Sec. 5 (3) and Sec. 6 (2) and (3), definitely make the Board's actions in the matters dealt with subject to the Commissioners' approval. In these matters the Board is controlled by a Government Department.

Sec. 9 (1). The Board may order a standardization of frequency by a scheme, and to that order the approval of the Commissioners is not required, though it is not probable that the Board would alter the Commissioners' proposals in the scheme without their agreement. But to any other requirements of the Board as to standardization the Commissioners' approval is necessary.

Sec. 10 (1) (*a*). The Board is not to supply in the area of a power company unless the power company themselves cannot or will not supply on terms declared to be reasonable by the Commissioners.

Sec. 10 (2). If authorized undertakers demand a supply and the Board think the expense of providing main transmission lines to give it is unreasonable, they may appeal to the Commissioners.

Sec. 11 (1). The Commissioners are to determine the

number of years over which the Board's receipts and expenditure on income account are to balance and the margin of income to be allowed. This gives the Commissioners very large powers of control over the Board's finance (see also Sec 25 (1))

Sec 11 (2) The Commissioners are to settle the principles on which the Board's charges are to be separated into a fixed kilowatt charge and a running charge. Or they may frame the tariff in such other manner as they think fit

Sec 13 The duty of determining whether the cost to any authorized undertakers who own a selected station of taking a supply from the Board exceeds the cost which they would have incurred in generating for themselves alone is given to the Commissioners

Sec 14 (1) The Commissioners are to determine, presumably on the application of the Board, whether a generating station is to be shut down and its owners to take their supply from the Board

Sec 19 (3) The Board must obtain the consent of the Commissioners to supply (for power purposes—they may not supply otherwise at all) in "unoccupied" areas

Sec 23 (1) The Commissioners' authorization is required before the Board may break up roads, etc, in order to convey surplus electricity which they purchase

Sec 25 (2) The Board must furnish the Commissioners with such statistics and returns as they require.
(This is a duty laid on all authorized undertakers under the Act of 1919 so far as such returns are necessary to the Commissioners for carrying out their

AN ACT TO AMEND THE LAW WITH RESPECT TO THE SUPPLY OF ELECTRICITY

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows —

Constitution and General Powers of Central Electricity Board

1. *Constitution of Central Electricity Board.*—(1) For the purposes of this Act there shall be established as soon as may be after the passing of this Act a body to be called the Central Electricity Board (in this Act referred to as the Board), consisting of a chairman and seven other members appointed by the Minister of Transport after consultation with such representatives or bodies representative of the following interests as the Minister thinks fit, that is to say, local government, electricity, commerce, industry, transport, agriculture, and labour

(2) A person shall be disqualified for being appointed or being chairman or a member of the Board so long as he is a Member of the Commons House of Parliament

(3) The chairman of the Board and any member of the Board who is, by the terms of his appointment, required to devote the whole of his time to the performance of his duties under this Act shall, within three months after his appointment, sell any securities which he may hold in his own name or in the name of a nominee in any company carrying on the business of supplying electricity or the manufacture or sale of machinery or plant for the generation or transmission of electricity ; and it shall not be lawful for the chairman or any such member of the Board whilst he holds office to purchase for his own benefit any securities in any such company, and if the chairman or any such member of the Board under any will or succession becomes entitled for his own benefit to any securities in any such company, he shall sell them within three months after he has so become entitled thereto

(4) Any member of the Board shall, if he is interested in any company with which the Board has or proposes to make any contract, disclose to the Board the fact and nature of his interest, and shall take no part in any deliberation or decision of the Board relating to such contract, and such disclosure shall be forthwith recorded in the minutes of the Board.

(5) Where the chairman or other member of the Board becomes disqualified for holding office or is absent from the meetings of the Board for more than six months consecutively, except for some reason approved by the Minister of Transport, or fails to comply with the foregoing provisions of this section, the Minister of Transport shall forthwith declare the office to be vacant, and shall notify the fact in such manner as he thinks fit, and thereupon the office shall become vacant.

(6) The Board shall be a body corporate with power to hold land without licence in mortmain and shall have power to regulate their own procedure:

Provided that the quorum of the Board shall not be less than one-third of the full number of the Board.

(7) The Board may act notwithstanding a vacancy in their number.

(8) A person appointed to be the chairman or to be a member of the Board shall hold office for such term not less than five years nor more than ten years as may be determined by the Minister before his appointment.

(9) The Board shall appoint a secretary and such other officers and servants as the Board may determine, and there shall be paid out of the fund hereinafter established to the members of the Board, or any of them, such salaries or fees and allowances for expenses as the Minister of Transport may determine, and to the secretary, officers, and servants of the Board such salaries and remuneration, and, on retirement or death, such pensions and gratuities, as the Board may determine; and any expenses incurred by the Board in the exercise and performance of their powers and duties under this Act shall be defrayed out of the said fund.

(10) The Board shall have a common seal, and the seal of the Board shall be authenticated by the signature of the chairman of the Board or some other member of the Board

authorised by the Board to act in that behalf, and of the secretary, or some other person authorised by the Board to act in that behalf

(11) Every document purporting to be an order or other instrument issued by the Board and to be sealed with the seal of the Board authenticated in manner provided by this section, or to be signed by the secretary or any person authorised to act in that behalf, shall be received in evidence and be deemed to be such order or instrument without further proof unless the contrary is shown

2. *General powers and duties of Board*—(1) The Board shall be charged with the duty of supplying electricity to authorised undertakers in accordance with the provisions of this Act, but shall not, save as hereinafter expressly provided, themselves generate electricity, and the Board shall have such further powers and duties as are provided by this Act

(2) It shall be lawful for the Board to enter into arrangements with any authorised undertakers for the delegation to them of any of the powers of the Board under this Act which the Board think can more expediently be exercised locally

(3) Where proposals are made to the Board by any association of owners of generating stations which, by virtue of this Act, become selected stations within an area for which a scheme has been adopted under this Act for the delegation to the association of any powers and duties of the Board within that area, then, if the Board are satisfied that the association making the proposals is a fit and proper body to carry out those powers and duties, the Board shall comply with the proposals if and so far as they consider it practicable to do so without prejudice to the efficient discharge of the general duties of the Board, or to the efficient execution of the scheme within the area, but subject to such conditions as the Board may think fit to impose

(4) The Board shall not delegate any of their powers with respect to selected stations without the consent of the owners of those stations, nor shall they delegate their power of adopting schemes or fixing a tariff under this Act

3. *Appointment of consultative technical committees*—(1) The

Board may appoint one or more consultative technical committees consisting of engineers employed in connection with undertakings comprising generating stations which are by virtue of this Act for the time being selected stations.

(2) A consultative technical committee shall give advice and assistance on such matters as may be referred to the committee by the Board, and for that purpose the committee shall meet from time to time as the Board may determine.

PROVISIONS AS TO SCHEME

4. *Preparation and carrying out of scheme.*—(1) The Electricity Commissioners shall, as soon as practicable, prepare and transmit to the Board a scheme or schemes relating to the respective areas specified therein—

(*a*) determining what generating stations (whether existing stations or new stations) shall be the stations (in this Act referred to as selected stations) at which electricity shall be generated for the purposes of the Board ;

(*b*) providing for interconnection, by means of main transmission lines to be constructed or acquired by the Board, of selected stations with one another and with the systems of authorised undertakers, and, where the scheme relates to a specified area, for interconnection by means of such lines of the system of the Board in that area with the system of the Board in any other area with respect to which a scheme is then in force or may subsequently be made ;

(*c*) providing for such standardisation of frequency as may be essential to the carrying out of the proposals for such interconnection as aforesaid ;

(*d*) enabling or requiring temporary arrangements (to be in force during the carrying out of the works specified in the scheme) to be made between the Board and owners of generating stations (whether authorised undertakers or not) with respect to the giving and taking to and by the Board of supplies of electricity, and with respect to the working of generating stations (whether selected stations or not) by the owners thereof ;

(*e*) containing such supplemental, incidental, and consequential provisions as may appear necessary or expedient for any of the purposes aforesaid

Provided that neither a railway generating station operated by a railway company at the date of the passing of this Act, nor a generating station belonging to any canal, inland navigation, dock, or harbour undertakers, and operated by the owners thereof at the date of the passing of this Act, nor a private generating station, shall, without the consent of the owners thereof, be included in the scheme as a selected station, nor shall the owners of such a station be required to enter into any temporary arrangements under a scheme, and the scheme shall not authorise the acquisition of a main transmission line belonging to any such undertakers or the owners of a private generating station without the consent of the owners thereof

(2) The Board shall cause every scheme to be published, and shall give public notice of the date (not being less than one month from the date of the notice) by which authorised undertakers and other persons interested may make representations thereon, and the Board after considering the scheme and such representations, and after holding such inquiries (if any) as they think fit, may adopt the scheme either without modifications, or subject to such modifications as they think fit, and either generally or as respects any part of the area specified in the scheme, and shall publish the scheme as so adopted by them, and where the scheme has been adopted as respects part of the said area it may subsequently be adopted as respects other parts of the area

(3) As soon as a scheme is so adopted and published either generally or as respects any part of the area specified therein, it shall be the duty of the Board to carry out and give effect to the scheme, or to carry out and give effect to the scheme within the said part of the area, as the case may be :

Provided that if any authorised undertakers on whom obligations are imposed by the scheme consider that the carrying out of those obligations would be prejudicial to them they may, within one month after the publication of the scheme as adopted, by notice in writing, specifying the nature of the complaint and of the relief sought by them, require the

Board to refer the matter complained of to the arbitration of a barrister (or in Scotland an advocate) qualified for appointment to judicial office appointed by the Minister of Transport from panels to be set up by the Lord Chancellor and the Lord President of the Court of Session respectively for the purpose, and the Board shall refer the matter accordingly, unless they amend the scheme by relieving the complainants of such obligations as aforesaid, and shall not, pending the determination of the complaint, unless the complaint is one with respect to which no relief other than pecuniary compensation can be awarded, carry the scheme into effect so far as it affects the complainants.

(4) The arbitrator to whom any such matter is so referred may, in any case in which he thinks it expedient to do so, call in the aid of one or more qualified assessors and hear the case wholly or partially with the assistance of such assessors, and may, if satisfied as to the justice of the complaint, either order such pecuniary compensation to be made to the complainants as seems equitable in all the circumstances or order the scheme to be amended in such manner as he may direct:

Provided that the arbitrator shall not grant any relief other than pecuniary compensation in any case where the Board certify that the grant of such relief would conflict with the basic principles of the scheme or would prejudicially affect the efficiency of the scheme.

(5) A scheme may from time to time be altered or extended by a scheme made and adopted in like manner and subject to the like right of appeal as the original scheme:

Provided that a generating station included in a scheme as a selected station shall not cease to be a selected station without the consent of the owners thereof.

5. *Existing selected stations.* — (1) The Board shall make arrangements with the owners of existing generating stations which by virtue of a scheme become selected stations for the stations being operated in accordance with the provisions of this Act, and for such extensions and alterations thereof as may be required by the scheme, and for such additional extensions and alterations as the Board, with the approval of the Electricity Commissioners, may from time to time direct:

Provided that if the owners of any such station consider that any directions of the Board requiring additional extensions or alterations impose upon them an unreasonable financial burden, the matter shall, if they so require, be referred to the arbitration of a barrister (or in Scotland an advocate) appointed by the Minister of Transport from the appropriate panel set up under section four of this Act, and the arbitrator may in any case in which he thinks it expedient to do so call in the aid of one or more qualified assessors and hear the case wholly or partially with the assistance of such assessors

(2) If the owners of any such station are unwilling to enter into or fail to carry out any such arrangements to the satisfaction of the Board, the Minister of Transport may by order empower any authorised undertakers or other company or person approved by the Board, or, failing such authorised undertakers, company or person, the Board, to acquire the generating station at a price to be determined in accordance with the provisions of the First Schedule to this Act, but where the generating station is situate in an electricity district for which a joint electricity authority has been constituted, that authority shall be given first opportunity to acquire the station, and on payment or tender of such price the Minister of Transport may make an order vesting the generating station in the authorised undertakers, company or person, or the Board

Provided that an order under this subsection authorising the acquisition of a generating station shall not come into force until it has been laid before each House of Parliament for a period of not less than thirty days on which that House has sat, and if either House of Parliament before the expiration of that period presents an address to His Majesty, no further proceedings shall be taken thereon

(3) Where the Board acquire a generating station under this section, they may carry out such extensions or alterations thereof as are required by the scheme or as they think fit, and may either operate it themselves or make arrangements with any authorised undertakers or other company or person to operate it

Provided that the Board shall not themselves operate such

a generating station unless they satisfy the Electricity Commissioners that they are unable to enter into an arrangement with any authorised undertakers or other company or person to operate it on reasonable terms, and where the generating station is situate in an electricity district for which a joint electricity authority has been constituted, the Board shall first endeavour to enter into arrangements with that authority to operate the station.

6. *New selected stations.*—(1) The Board may make arrangements with any authorised undertakers in whose area of supply, or in the neighbourhood of whose area of supply, any new generating station required by a scheme is to be situated, for the provision of such station.

(2) If the Board satisfy the Electricity Commissioners that they are unable to enter into an arrangement with any such authorised undertakers for the provision of any such new station on reasonable terms, the Commissioners may by a special order under section twenty-six of the Electricity (Supply) Act, 1919, authorise the Board or any company or person to provide the station.

(3) Where the Board themselves provide a new generating station, they may operate it themselves, or make arrangements with any authorised undertakers or other company or person to operate it:

Provided that the Board shall not themselves operate such a generating station unless they satisfy the Electricity Commissioners that they are unable to enter into an arrangement with any authorised undertakers or other company or person to operate it on reasonable terms.

7. *Obligations and rights of owners of selected stations.*—(1) As from such date as may be fixed by the Board, the owners of a selected station shall be under the obligation—

(*a*) to operate the station so as to generate such quantity of electricity, at such rates of output, and at such times as the Board may direct, and to conduct such operations with due regard to economy and efficiency;

(*b*) to sell to the Board all electricity generated at the station at such price as is hereinafter mentioned.

(2) The owners of a selected station shall (subject to the

provisions of this Act enabling the Board to require authorised undertakers to take the whole of their supply from the Board and without prejudice to the powers of such owners to demand a supply under the other provisions of this Act) be entitled to be supplied by the Board from that station at such price as hereinafter mentioned with such amount of electricity as they may require for the purposes of their undertaking not exceeding the amount generated at the station

(3) The price to be paid by the Board to the owners of a selected station for electricity generated thereat shall, unless otherwise agreed, be the cost of production to be ascertained in accordance with the rules contained in the Second Schedule to this Act

(4) The price at which electricity shall be supplied by the Board from a selected station to the owners of that station shall unless otherwise agreed be either—

(*a*) the cost of production ascertained in manner provided by subsection (3) of this section adjusted according to the load factor and power factor of the supply given to the owners of the selected station, together with a proper proportion of the Board's expenses other than those incurred by the Board in the purchase or generation of electricity, or

(*b*) according to the tariff fixed under this Act for the supply of electricity by the Board;

whichever is the lower

(5) Where the price to be paid for electricity by or to the Board is to be calculated in accordance with this section, the amount to be paid by or to the Board for a supply in any year shall be ascertained as soon as practicable after the end of the year of account, but the Board shall make to the owners of each selected station monthly payments on account of the net amounts due from the Board to those owners under this section in accordance with estimates made for the purpose, subject to adjustment as soon after the end of the year of account as the actual liability can be ascertained

(6) If any question between the Board and the owners of a selected station arises under this section, then, if it relates to the cost of production, it shall be determined by an auditor

appointed by the Minister of Transport, and in any other case it shall be determined by the Electricity Commissioners:

Provided that, pending the determination of the question by the auditor or Commissioners, the owners of the station shall comply with any requirements which may be lawfully made by the Board.

(7) For the purposes of the agreements contained in the Third Schedule to the London Electricity (No. 1) Act, 1925, and the London Electricity (No. 2) Act, 1925, the Board, in relation to the electricity purchased by the Board from the owners of selected stations in pursuance of this section shall not be deemed to be a consumer within the meaning of paragraph 3 of the schedule to those agreements.

8. *Construction and acquisition of main transmission lines.*—(1) As soon as may be after a scheme under this Act has been adopted as respects any area or part of an area, the Board shall construct and lay down the main transmission lines required for the interconnection of selected stations with one another and with the systems of authorised undertakers in accordance with the scheme so far as it relates to that area or part of an area.

(2) Where a scheme provides for the acquisition by the Board of any main transmission line belonging to any authorised undertakers, such transmission line shall, on notice being given by the Board to the undertakers and on payment or tender to the undertakers of the price to be determined in accordance with the First Schedule to this Act, vest in the Board upon an order to that effect being made by the Minister of Transport.

(3) Where the Board have so acquired a main transmission line and by reason of the use thereof by the Board the alteration or replacement of switch gear or other apparatus of any authorised undertakers connected with the line becomes necessary the Board shall defray the reasonable expenses incurred by the undertakers in effecting such alteration or replacement, and any question as to whether such alteration or replacement is necessary, or as to the expenses thereof, shall in default of agreement be determined by an arbitrator appointed by the Minister of Transport.

9. *Standardisation of frequency.*—(1) The Board may require

any authorised undertakers or the owners of any selected station to amend or alter the frequency employed in their undertaking or station, if and so far as such amendment or alteration is required to effect the standardisation of frequency provided by a scheme, or to effect such standardisation of frequency as the Board with the approval of the Electricity Commissioners may think expedient, subject to the payment to the authorised undertakers or owners of any expenses which they may properly incur in carrying such requirements into effect (including the cost of altering or replacing plant belonging to consumers), and the Board shall, if required, advance free of interest such sums as may be necessary to enable the said authorised undertakers and owners to effect such amendment or alteration, and it shall be the duty of the undertakers or owners to comply with such requirements, and they are hereby authorised to do so notwithstanding anything in any special Act or Order relating to their undertaking

(2) The payment of any such expenses and the making of such advances shall be purposes for which the Board may borrow under this Act, but such part of the revenue of the Board as is required to meet the interest on and sinking fund charges in respect of money so borrowed shall be excluded in any computation of receipts made in estimating for the purposes of rating the net annual value of hereditaments, or the yearly rent or value of lands and heritages in Scotland, occupied by the Board for the purposes of their undertaking

(3) The Board shall be entitled to be repaid by the Electricity Commissioners in each year the sums required to meet the interest and sinking fund charges in respect of money so borrowed, and the payment of such sums shall be treated as part of the expenses of the Electricity Commissioners, but shall be shown as a separate item in their accounts and in their demand notes for contributions towards their expenses :

Provided that the apportionment of the expenses of the Electricity Commissioners under this subsection, instead of being made in accordance with section seven of the Electricity (Supply) Act, 1922, shall be made on the basis of the revenue received from the sale of electricity other than electricity sold in bulk to authorised undertakers

(4) Any question of the amount of the expenses properly incurred by authorised undertakers or owners in carrying out any such requirement shall in default of agreement be determined by the Electricity Commissioners or at the option of the authorised undertakers or owners be referred to the arbitration of a barrister (or in Scotland an advocate) appointed by the Minister of Transport from the appropriate panel set up under section four of this Act, and the arbitrator may, if he thinks it expedient to do so, call in the aid of one or more qualified assessors and hear the case wholly or partially with the assistance of such assessors:

Provided that nothing in this section shall prevent the Board and the authorised undertakers or owners concerned from entering into an agreement fixing the sum to be taken in discharge of the liability of the Board to the undertakers or owners under this section.

(5) Notwithstanding anything in this section—

(*a*) a railway company shall not be required to alter the frequency employed by them in their undertaking or generating station except by an Order made in accordance with the provisions of section sixteen of the Railways Act, 1921;

(*b*) no authorised undertaker from whom any railway company derives a supply of electricity for the purposes of haulage or traction shall be required by the Board to alter the frequency of such supply delivered by them to a railway company unless and until an order as aforesaid has been previously made in respect of the railway company concerned.

(6) Where a scheme under section four of this Act has come into force as respects any area, the powers of the Electricity Commissioners under section twenty-four of the Electricity (Supply) Act, 1919, so far as they relate to the amendment or alteration of frequency, shall not be exerciseable within that area.

10. *Obligation of Board to supply electricity to authorised undertakers.*—(1) As soon as the Board, as respects any area or part of an area, notify that they are in a position to supply electricity, the Board shall, subject to the provisions of this Act, be under

an obligation to supply either directly or indirectly to any authorised undertakers in that area or part thereof demanding such a supply such an amount of electricity as the require for their undertaking at a price ascertained in accordance with the provisions of this Act

Provided that, subject to the provisions of this Act relating to the rights of owners of selected station the board shall not—

(*a*) supply electricity directly to authorised undertakers situated in the area of supply of a power company without the consent of the power company unless the undertakers have an absolute right of veto on any right of the power company to supply electricity within the area of supply of those undertakers or any part thereof; or unless the power company are unable or unwilling to supply electricity to such authorised undertakers on reasonable terms and conditions to be determined in case of dispute by the Electricity Commissioners;

(*b*) without the consent of the joint electricity authority, supply electricity directly to any authorised undertakers in the district of a joint electricity authority which the joint electricity authority are authorised to supply;

(*c*) supply electricity directly to any authorised undertakers in the Edinburgh and Lothians electricity district without the consent of the Corporation of Edinburgh.

(2) Where any authorised undertakers have demanded such a supply from the Board, and it appears to the Board that the outlay incurred in providing the main transmission lines required for the supply would, having regard to the supply required, entail unreasonable expense on the Board, they may represent the case to the Electricity Commissioners and the Commissioners may, if it seems to them to be just, authorise the Board to impose such terms and conditions as the Commissioners think fit, on the giving of the supply

(3) Where any authorised undertakers owning a generating station, not being a selected station, demand a supply of electricity from the Board then, whether or not those undertakers are also the owners of a selected station, the Board may make

it a condition of furnishing such a supply that the undertakers shall take the whole quantity of electricity required for their undertaking, directly or indirectly, from the Board, and where any such authorised undertakers demand a supply from any other undertakers who themselves receive a supply from the Board, the last-mentioned undertakers shall, if the Board so require, impose the like condition (which condition those undertakers are, if so required, authorised to impose notwithstanding anything in the special Act or Order relating to the undertaking) :

Provided that—

(*a*) the Board shall not impose or require the imposition of such a condition unless satisfied that the cost per unit to the undertakers of taking the whole of their supply directly or indirectly from the Board (including any expenditure necessarily incurred by the undertakers in the provision of any plant or apparatus to enable them to use the supply) will for a period of not less than seven years be less than the cost per unit at which electricity is then being produced at the generating station of the undertakers, and in determining such cost of production no account shall be taken of capital charges in respect of capital expended on the station ; and

(*b*) where the authorised undertakers feel aggrieved by the imposition of such a condition as aforesaid, they may appeal to the Electricity Commissioners, who if and so far as the ground of appeal is that the cost of taking the supply from the Board will not be less than the cost at which electricity is being produced by the undertakers shall, if so requested by the undertakers, refer that question to the arbitration of a barrister (or in Scotland an advocate) appointed by the Minister of Transport from the appropriate panel set up under section four of this Act, and the arbitrator may, if he thinks it expedient to do so, call in the aid of one or more qualified assessors and hear the case wholly or partially with the assistance of such assessors ; and

(*c*) where the Board imposes or requires the imposition of

such a condition the Board shall take over the obligations of any such authorised undertakers to receive supplies of electricity in bulk

Provided that the Board shall not be obliged to take over any such obligation arising under a contract made after the passing of this Act unless the contract has been approved by the Electricity Commissioners

(4) The Board may, before the carrying out of the works specified in a scheme in any area is completed, if they think fit, enter into arrangements with any authorised undertakers in the area (being undertakers to whom the Board on the completion of the scheme would be entitled to give a direct supply) for giving those undertakers, pending the completion of the works, a supply of electricity of such amount and upon such terms as may be agreed between them

11. *Tariff for electricity supplied directly by Board to authorised undertakers* —(1) Subject to the provisions of this Act as to the sale of electricity to the owners of selected stations, the price to be charged by the Board for electricity supplied directly by them to authorised undertakers shall be in accordance with such tariff as may be fixed by the Board from time to time, and the tariff shall be fixed so that over a term of years to be approved by the Electricity Commissioners the receipts on income account shall be sufficient to cover the expenditure on income account, including interest and sinking fund charges, with such margin as the Electricity Commissioners may allow

(2) The tariff shall be so framed as to include as part of the charge and show separately—

(*a*) a fixed kilowatt charges component,

(*b*) a running charges component;

and for this purpose the fixed kilowatt charges component and the running charges component shall be ascertained in accordance with such principles as may be approved by the Electricity Commissioners or the tariff may be framed in such other manner as may be determined by an order of the Electricity Commissioners, but such an order shall not come into force until it has been laid before each House of Parliament for a period of not less than thirty days on which that House has sat, and if either House of Parliament before the expiration of that

period presents an Address to His Majesty no further proceedings shall be taken thereon.

(3) The tariff fixed under this section may, if the Board think fit, be different for different areas.

12. *Price of indirect supply in bulk.*—Where any authorised undertakers take a supply of electricity directly or indirectly from the Board, the price charged by them for the supply of electricity in bulk to any other authorised undertakers, or for a supply for haulage or traction purposes to a railway company, shall, notwithstanding anything in the special Act or Order relating to their undertaking, be on the same terms as those on which the undertakers receive the supply directly or indirectly from the Board, together with such charges and allowances in respect of any transmission line or part thereof used by the undertakers giving the supply in bulk for the purpose of that supply as are mentioned in the Third Schedule to this Act; and if any question arises as to the amount of the price to be so charged, it shall be determined by the Electricity Commissioners:

Provided that this section shall not affect the price charged for any supply of electricity given in pursuance of a contract made before the passing of this Act.

13. *Limitation on price to be charged to owners of selected stations.*—Where any authorised undertakers, being the owners of an existing generating station which by virtue of this Act becomes a selected station, who take a supply of electricity from the Board prove to the satisfaction of the Electricity Commissioners that the cost of taking that supply from the Board on the terms provided by this Act in any year exceeds the cost which they would have incurred had this Act not been passed in themselves generating the like quantity of electricity, then the charges by the Board to those undertakers for the supplies of electricity furnished to them shall be so adjusted that the amount charged in that year does not exceed the cost which, in the opinion of the Electricity Commissioners, the undertakers would have incurred in themselves generating the electricity.

14. *Power to close generating stations in certain events.*—(1) Where the Board notify to any authorised undertakers owning a generating station, not being a selected station, that the

Board are in a position to supply directly or indirectly to those undertakers such quantity of electricity as the undertakers would require for the purposes of their undertaking if the station were closed, and undertake to give such a supply for a period of not less than seven years on specified terms ascertained in accordance with the provisions of this Act, and are satisfied that the cost of the supply on those terms is below the then prevailing cost to those undertakers of generating electricity at the station, and those undertakers refuse or within three months after such notification fail to agree to take such a supply directly or indirectly from the Board, then, if the Electricity Commissioners are satisfied as respects the next subsequent year that the cost of production of electricity generated by those undertakers at the station substantially exceeded the cost they would have incurred had they purchased the like quantity of electricity directly or indirectly from the Board on the specified terms ascertained as aforesaid, the Electricity Commissioners may, if in their opinion it is expedient that the station should cease to be used as a generating station, by order require the authorised undertakers within such time as the Electricity Commissioners may allow (not being less than six months from the date of the order) to take a supply of electricity in bulk from the Board and shut down the generating station as such

(2) If any question arises under this section as to whether the cost of production of electricity generated by any undertakers substantially exceeded the cost they would have incurred had they purchased the like quantity of electricity directly or indirectly from the Board on the specified terms, the question shall, if those undertakers so require, be referred to the arbitration of a barrister (or in Scotland an advocate) appointed by the Minister of Transport from the appropriate panel set up under section four of this Act, and the arbitrator may, in any case in which he thinks it expedient to do so, call in the aid of one or more qualified assessors and hear the case wholly or partially with the assistance of such assessors

(3) In calculating for the purposes of this section the cost of production of electricity generated by the authorised undertakers, no account shall be taken of capital charges in respect of capital expended on the generating station

(4) For the purposes of this section, any authorised undertakers owning a generating station not being a selected station shall on being so required by the Electricity Commissioners furnish them with a statement showing the cost of production of electricity at that station for such period and certified in such manner as the Commissioners may direct.

15. *Compensation for deprivation of employment.*—Section sixteen of the Electricity (Supply) Act, 1919, as amended by section twenty-one of the Electricity (Supply) Act, 1922, shall, with the necessary adaptations, apply to any officer or servant of any authorised undertakers affected by the closing (permanent or temporary) or restrictions imposed by the Board or by or under a scheme on the working or use of, or the acquisition of, a generating station, or by the acquisition of a main transmission line or any part thereof, under or in consequence of this Act, and for that purpose that section as so amended shall have effect as set out and adapted in the Fourth Schedule to this Act.

16. *Powers of authorised undertakers.*—(1) Where under this Act the Board is authorised or required to enter into arrangements with authorised undertakers for any purpose, then, notwithstanding anything in any special Act or Order, or any other instrument regulating the constitution or powers of the undertakers, it shall be lawful for the authorised undertakers, whether a joint electricity authority, a local authority or a company, to enter into and carry out any such arrangements.

(2) The carrying out of any such arrangements shall be a purpose for which authorised undertakers, being a local authority or a joint electricity authority, may borrow under the Electricity (Supply) Acts, 1882 to 1922.

(3) Where the carrying out of any such arrangement by authorised undertakers, being a company, involves capital expenditure, and owing to limitations on the powers of the company to raise capital the company cannot raise the necessary capital without the authority of an Act of Parliament, the company may submit to the High Court (or in Scotland the Court of Session) a scheme providing for increasing all or any of the existing classes of loan or share capital of the company, or creating new classes of loan or share capital, with such

rights, priorities and conditions as may be specified in the scheme, and if the scheme is approved by the Court, then, notwithstanding anything in any special Act affecting the company or the holders of any class of loan or share capital in the company, the additional capital of each class shall form part and rank *pari passu* with the existing capital of that class, and any new class of capital may with the consent of the majority in value of the holders of any class of security affected rank before any existing class of capital

17. *Provisions consequent on acquisition by the Board of generating station or main transmission line* —(1) Where a generating station acquired under this Act by any authorised undertakers, company or person, or by the Board, or a main transmission line acquired under this Act by the Board, is in course of construction, extension or repair, the rights and liabilities of the former owners thereof under any contract for such construction, extension or repair, shall be transferred to the body so acquiring the generating station or main transmission line (in this Act referred to as "the acquiring authority")

(2) Where any generating station acquired by an acquiring authority under this Act contains any plant which forms an essential part of the distribution system of the former owners of the generating station, that plant shall, notwithstanding such acquisition, remain the property of such former owners who shall, so long as electricity is supplied for distribution from that station, at all times have the right of access thereto

18. *Saving for necessity of obtaining certain consents* —(1) Where the carrying out of any part of a scheme, or any arrangement or requirement in connection therewith, would involve any operation for which any consent or approval of the Minister of Transport or the Electricity Commissioners would be necessary under the Electricity (Supply) Acts, 1882 to 1922, nothing in the foregoing provisions of this Act shall relieve the Board or any authorised undertakers or other persons concerned from the necessity of obtaining such consent or approval

(2) Where an application is made by any authorised undertakers to the Minister of Transport or the Electricity Commissioners for their consent or approval under the Electricity (Supply) Acts, 1882 to 1922, in any case where such consent

or approval is by those Acts required, the Minister or Commissioners, in determining whether to give or withhold the consent or approval, shall have regard to the provisions of this Act and the effect of any scheme or proposed scheme thereunder.

19. *Special provisions as to London.*—Where any obligation to carry out any technical scheme imposed on a joint electricity authority, local authority, company or body by or under the London and Home Counties Electricity District Order, 1925, or the London Electricity (No. 1) Act, 1925, or the London Electricity (No. 2) Act, 1925, conflicts with any obligation arising out of a scheme under section four of this Act which is imposed by or under this Act, on any such authority, company or body, the last-mentioned obligation shall prevail.

SUBSIDIARY PROVISIONS AS TO THE BOARD

20. *Application of Electricity Supply Acts to Board.*—(1) Subject to the provisions of this section, the Board shall be deemed to be undertakers and authorised undertakers within the meaning of the Electricity (Supply) Acts, 1882 to 1922, and this Act in relation to the Board shall be deemed to be a special Act for the purposes of those Acts, and for the purposes of this section there shall be incorporated with this Act the provisions of the Schedule to the Electric Lighting (Clauses) Act, 1899, subject to such exceptions and modifications as may be prescribed by regulations made by the Electricity Commissioners:

Provided that section thirteen of the Electric Lighting Act, 1882 (which relates to the breaking up of private streets, railways and tramways), and sections two and three of the Electric Lighting Act, 1888 (which relate to the purchase of undertakings by local authorities), shall not apply to the undertaking of the Board, and that section twenty of the Schedule to the Electric Lighting (Clauses) Act, 1899, in its application to the Board, shall have effect as if after the words "electric signalling communications," wherever they occur, there were inserted the words "or electrical control of railways."

(2) Before any such regulations come into force they shall be laid before each House of Parliament for a period of not

less than thirty days on which that House is sitting, and if either House of Parliament, before the expiration of that period, presents an address to His Majesty, no further proceedings shall be taken thereon

(3) The Board shall not supply electricity directly to persons not being authorised undertakers, except that—

(*a*) they may supply the owners of selected stations, not being authorised undertakers, to the extent to which those owners are entitled to demand a supply under this Act,

(*b*) with the consent of the Electricity Commissioners, they may supply electricity to any company, body or person requiring a supply for power purposes in any area not forming part of the area of supply of any authorised undertakers, but where electricity is supplied by the Board to a company, body or person requiring a supply for power purposes it may be used by that company, body or person for lighting any premises in any part of which the power is utilised

21. *Acquisition of land by the Board*—(1) The Board may acquire land or any easements or servitudes or other rights in or over land by agreement, or may be authorised to acquire land or any such right compulsorily, for the purpose of any of their powers and duties under this Act (including the construction of main transmission lines) in like manner as a local authority being authorised undertakers may acquire or be authorised to acquire land under the Electricity (Supply) Acts, 1882 to 1922, for the purpose of a generating station, and those Acts and the Acts incorporated therewith shall apply accordingly, and the Board shall be deemed to be a public authority for the purposes of the Acquisition of Land (Assessment of Compensation) Act, 1919.

Provided that the Electricity Commissioners shall not make and the Minister of Transport shall not confirm any special order authorising the Board to acquire land or a right in or over land compulsorily for the purposes of a main transmission line unless satisfied that the objects sought to be attained cannot consistently with efficiency and economy be attained by the acquisition of a wayleave in accordance with the

provisions as to the repayment thereof, and with such powers as to re-borrowing for the purpose of paying off a loan previously raised, as may be prescribed by the regulations, and the regulations may empower the Board to borrow temporarily by the issue of bonds or otherwise and to make arrangements with bankers, and may apply with or without modifications any enactments relating to borrowing by local authorities, including provisions as to the enforcement of the security by the appointment of a receiver or otherwise.

(2) Such powers of borrowing as aforesaid may be exercised for all or any of the following purposes :—

(*a*) the construction or acquisition of such main transmission lines, generating stations, and other works as the Board are authorised by this Act to construct or acquire ;

(*b*) any other payment or any permanent work or other thing which the Board are authorised to execute or do, the cost of which ought, in the opinion of the Electricity Commissioners, to be spread over a term of years (including the payment of interest on money borrowed for capital expenditure for such period as may be determined by the Electricity Commissioners after consultation with the Treasury to be the period during which the expenditure remains unremunerative) ;

(*c*) the provision of working capital ;

(*d*) any other purpose for which the Board are under this Act authorised to borrow.

(3) Any money borrowed under this section, and the interest thereon, may be charged on the undertaking and all the revenues of the Board, or on any specific property forming part of that undertaking, and shall be repaid within such period not exceeding sixty years as the Electricity Commissioners may determine.

(4) The maximum amount which may be borrowed by the Board under this section shall be thirty-three and a half million pounds, and the Board shall not have power to borrow any sums in excess of that amount, otherwise than for the purpose of paying off loans previously raised, unless authorised to do so by a special Order under section twenty-six of the Electricity (Supply) Act, 1919.

(5) It shall be lawful for any annual provision required to be made by the Board for the repayment of money borrowed for any of the purposes of this Act to be suspended whilst the expenditure out of such moneys remains unremunerative, for such period and subject to such conditions as the Electricity Commissioners after consultation with the Treasury may determine

Provided that such suspension shall not be for a longer period than five years from the commencement of the financial year next after that in which such expenditure is incurred

28. *Power to authorise issue of stock*—(1) The Board may, for the purpose of raising money which they are authorised to borrow under this Act, issue stock (to be called Central electricity stock)

(2) All such stock, and interest thereon, shall be charged on the undertaking, and on all the revenues of the Board

(3) Subject to the provisions of this Act, any stock created by the Board under the powers of this Act shall be issued, transferred, dealt with, and redeemed, according to regulations made by the Minister of Transport with the approval of the Treasury, and any such regulations may apply for the purpose of this section, with or without modifications, any provisions of the Local Loans Act, 1875, the Public Health Acts Amendment Act, 1890, and the Acts amending those Acts, and of any Act relating to stock issued by any local authority

29. *Power to Treasury to guarantee loans to Board*—(1) Subject to the provisions of this section, the Treasury may guarantee, in such manner as they think fit, the payment of the interest and principal of any loan proposed to be raised by the Board, or of either the interest or the principal.

Provided that the aggregate amount of the loans, the principal or interest of which may be so guaranteed, shall not exceed thirty-three and a half million pounds

(2) Such sums as may from time to time be required by the Treasury for fulfilling any guarantees given under this section shall be charged on and issued out of the Consolidated Fund of the United Kingdom or the growing produce thereof

(3) The repayment to the Treasury of any sums so issued out of the Consolidated Fund, together with interest thereon

at such rate as the Treasury may fix, shall be a charge on the undertaking and all the revenues of the Board next after the principal and interest of the guaranteed loan, and any sinking fund payments for the repayment of the principal thereof, and in priority to any other charges not existing at the date on which the loan is raised.

(4) All sums paid from time to time in or towards the repayment of any sum issued out of the Consolidated Fund under this section shall be paid into the Exchequer.

(5) The Treasury shall, so long as any such guarantees are in force, lay before both Houses of Parliament in every year within one month after the thirty-first day of March a statement of the guarantees (if any) given during the year ended on that date, and an account up to that date of the total sums (if any) which have been either issued out of the Consolidated Fund under this section or paid in or towards repayment of any money so issued.

30. *Accounts and audit.*—(1) The Board shall cause proper books of account and other books in relation thereto to be kept, and shall prepare an annual statement of accounts in such form and containing such particulars as may be prescribed by the Minister of Transport.

(2) The accounts of the Board and their officers shall be audited by auditors appointed by the Minister of Transport, and the audit shall be conducted in accordance with such regulations as may be prescribed by the Minister of Transport.

(3) As soon as the accounts of the Board have been audited the Board shall send a copy thereof to the Minister of Transport together with a copy of any report of the auditor thereon, and shall publish the accounts in such manner as the Minister of Transport may direct, and shall place copies thereof on sale at a price not exceeding one shilling a copy.

Miscellaneous Provisions

31. *Charges for electricity supplied by power companies.*—(1) On a power company commencing to receive a supply of electricity from the Board, the Minister of Transport may revise the maximum prices authorised under the special Act of the

company to be charged by the company for supplies, other than supplies in bulk to authorised undertakers, and may revise the standard prices fixed by such Act, and on such revision in determining the maximum and standard prices regard shall be had to any change in the cost of electricity to the company attributable to this Act

(2) Where a special Act passed before the passing of this Act authorises such a power company to make good any deficiency in any previous dividends which have fallen below the prescribed standard rate of dividends, the Electricity Commissioners may, after such inquiry as they think fit, by special order made under section twenty-six of the Electricity (Supply) Act, 1919, make provision for the repeal or limitation of any such authorisation, and where such an order is made the special Act shall have effect subject to the provisions of the order

32. *Relation of charges to dividends* —(1) Where any company, being authorised undertakers and not being a power company, receive a supply of electricity either directly or indirectly from the Board, the Electricity Commissioners may, if, having regard to any change in the cost of electricity to the company attributable to this Act, they think it expedient, by a special order under section twenty-six of the Electricity (Supply) Act, 1919, make provision as to the relation between the charges to be made for electricity and the dividends to be paid by the company, and the order shall have effect as if the provisions contained therein were in substitution for the provisions (if any) contained in the Act or Order relating to the undertaking of the company as to the relation of charges to dividend

Provided that where any such company carries on two or more separate undertakings one or more of which receive a supply from the Board, any such order shall regulate the charges to be made for electricity in the case of the undertaking on each of the several undertakings receiving such a supply in relation to the divisible profits on the capital attributable to that undertaking

(2) The provisions of this section shall not apply to any company which is a London company within the meaning of the London and Home Counties Electricity District Order,

1925, or to any company which may be formed under the agreement set out in the Fourth Schedule to the London Electricity (No. 1) Act, 1925, or to any company formed for the purpose of such an amalgamation of undertakings as is provided for by section eight of the London Electricity (No. 2) Act, 1925.

33. *Adoption of Local Government and other Officers' Superannuation Act*, 1922.—The Board and any joint electricity authority respectively may (without prejudice in the case of any such authority to the provisions contained in subsection two of section eight of the Electricity (Supply) Act, 1919), if they think fit, adopt the provisions of the Local Government and other Officers' Superannuation Act, 1922, in the same manner as if the Board or such joint electricity authority, as the case may be, were a local authority within the meaning of the said Act of 1922, and upon that Act being so adopted by the Board or a joint electricity authority the Act shall apply as if the Board or the authority, as the case may be, were such a local authority as aforesaid.

34. *Power to lop trees and hedges obstructing electric lines.*—(1) Where any tree or hedge obstructs or interferes with the construction, maintenance or working of any main transmission line or other electric line which is being constructed or is owned by any authorised undertakers, or will interfere with the maintenance or working of such a line, the authorised undertakers may give notice to the owner or occupier of the land on which the tree or hedge is growing requiring him to lop or cut it so as to prevent the obstruction or interference, subject to the payment to him by the authorised undertakers of the expenses reasonably incurred by him in complying with the notice:

Provided that, in any case where such a notice is served upon a person who, although the occupier of the land on which the tree or hedge is growing, is not the owner thereof, a copy of the notice shall also be served upon the owner thereof, if known.

(2) If within twenty-one days from the giving of such notice the requirements of the notice are not complied with, and neither the owner nor occupier of the land gives such a

counter-notice as is hereinafter mentioned, the authorised undertakers may cause the tree or hedge to be lopped or cut so as to prevent such obstruction or interference as aforesaid

(3) If, within twenty-one days from the giving of such notice, the owner or occupier of the land on which the tree or hedge is growing gives a counter-notice to the authorised undertakers objecting to the requirements of the notice, the matter shall, unless the counter-notice is withdrawn, be referred to the Minister of Transport, who, after giving the parties an opportunity of being heard, may make such order as he thinks just, and any such order may empower the authorised undertakers (after giving such reasonable previous notice to any person by whom such counter-notice was given of the commencement of the work as the order may direct) to cause the tree or hedge to be lopped or cut so as to prevent such obstruction or interference as aforesaid, and may determine any question as to what compensation (if any) and expenses are to be paid

(4) The authorised undertakers shall issue instructions to their officers and servants with a view to securing that trees and hedges shall be lopped or cut in a woodman-like manner and so as to do as little damage as may be to trees, fences, hedges and growing crops, and shall cause the boughs lopped to be removed in accordance with the directions of the owner or occupier, and shall make good any damage done to the land

(5) Any compensation or expenses payable to the owner or occupier by the authorised undertakers under this section shall be recoverable summarily as a civil debt

(6) Where for the purpose of the construction or maintenance of a transmission line it is necessary to fell any trees, this section shall apply to the felling of trees in like manner as it applies to the lopping of trees

(7) This section shall apply to main transmission lines owned or to be constructed by the Board in like manner as it applies to lines owned or to be constructed by authorised undertakers

35. *Protection of county bridges*—(1) Unless and except so far as may be otherwise agreed between any county council (in this section referred to as "the county council") and the

Board the following provisions shall have effect (that is to say)—

(*a*) Nothing in this Act shall in any way limit or affect the powers of the county council to rebuild, alter, widen or repair the structure of any bridge upon which any work by this Act authorised shall be constructed, or impose upon the county council any liability which was not by law imposed upon them prior to the commencement of this Act;

(*b*) If at any time the county council require to carry out works for rebuilding, altering, widening or repairing any bridge which might involve interference with any portion of the undertaking by this Act authorised they shall, prior to the commencement of such works, give the Board one month's notice in writing of their intention to carry out such works, and if in order to avoid interruption to the supply by the Board of electrical energy, it is in the opinion of the county council necessary temporarily to remove the mains and other electrical appliances belonging to the Board from such bridge, then the Board shall (and they are hereby authorised so to do) at their own expense temporarily carry their cables and wires across such bridge overhead or at the side thereon in such a manner as will not be a danger or inconvenience to the public, or unreasonably interfere with the works to be carried out by the county council;

(*c*) When the rebuilding, altering, widening or repairing of such bridge shall have been completed the Board shall have the same rights and powers with regard to such bridge and its approaches as they had before the works were carried out;

(*d*) If any dispute arises between the county council and the Board with regard to this section the same shall be determined by an arbitrator to be appointed on the application of either party by the Minister of Transport.

(2) In the application of this section to Scotland, the county council shall mean the county road board, or if the bridge is

not wholly situated within one county, the joint bridge committee if such committee has been appointed

AMENDMENTS OF THE ELECTRICITY SUPPLY ACTS

36. *Schemes for constitution of electricity districts and the organisation of supply therein* —For section five of the Electricity (Supply) Act, 1919, as amended by section nineteen of the Electricity (Supply) Act, 1922, the following section shall be substituted —

"(1) Where it appears to the Electricity Commissioners that with respect to any areas the existing organisation for the supply of electricity therein should be improved, and that a joint electricity authority should be established therefor, the Commissioners shall give notice of their intention to constitute those areas a separate electricity district, and to formulate a scheme for effecting such improvement in the district, and for the establishment of a joint electricity authority for the district

Provided that in considering what areas are to be included in a district, areas shall be grouped in such manner as may seem to the Commissioners most conducive to the efficiency and economy of the supply of electricity and the convenience of administration

(2) After such a notice has been published, the Electricity Commissioners, after consultation with the authorised undertakers in the proposed district, shall formulate such a scheme as aforesaid, and publish the scheme in such manner as they think best adapted for insuring its publicity, and hold a local inquiry thereon, and shall give to authorised undertakers, county councils, local authorities, railway companies using or proposing to use electricity for traction purposes, large consumers of electricity, and other associations or bodies within the proposed district which appear to the Commissioners to be interested, an opportunity of making representations to the Commissioners on the proposed scheme, and with respect to the inclusion in or exclusion from the proposed district of any area."

37. *Contents of schemes.*—A scheme constituting a joint electricity authority may, in addition to the matters for which provision may be made under section six of the Electricity (Supply) Act, 1919, contain provisions—

(*a*) for the carrying out by the joint electricity authority of any works for the development of the supply of electricity within the district; and

(*b*) for the subsequent alteration of the constitution of the joint electricity authority.

38. *Amendment of schemes.*—(1) The power under section seven of the Electricity (Supply) Act, 1919, to make orders altering previous orders shall include power by such subsequent order to constitute a joint electricity authority in any case where the original order did not provide for the constitution of such an authority.

(2) Where any such amending order constitutes a joint electricity authority in lieu of an advisory committee or other body constituted under the original order, the amending order shall provide for the application to officers and servants of the advisory committee or other body of the provisions of section sixteen of the Electricity (Supply) Act, 1919, as amended by section twenty-one of the Electricity (Supply) Act, 1922, subject to the necessary modifications.

39. *Provisions as to companies with large area of supply.*—(1) Where after the commencement of this Act a special order is made authorising a company to supply electricity, and the area of supply consists of or includes the whole of the districts of two or more local authorities and is, in the opinion of the Electricity Commissioners adequate in extent, the following provisions shall have effect with respect to the right of purchasing their undertaking:—

(*a*) The purchasing authority may within six months after the expiration of a period of fifty years from the date of the confirmation of the special order, or such shorter period as may be specified in that behalf in the special Order, and within six months after the expiration of every subsequent period of ten years, or such shorter period as may be specified in that behalf in the special order, by notice in writing, require the company to sell,

and thereupon the company shall sell to them their undertaking upon the terms of the payment to those undertakers of a sum equal to the capital properly expended for the provision of the land, buildings, works, material and plant of the undertakers in use or available and suitable for use at the time of the purchase for the purposes of their undertaking, less depreciation according to such scale as may be determined by special order

(*b*) The Minister of Transport shall determine any questions which may arise in relation to such purchase and may fix the date from which the purchase is to take effect, and as from the date so fixed, or such other date as may be agreed, all lands, buildings, works, material and plant so purchased as aforesaid, shall vest in the purchasing authority, freed from the debts, mortgages or similar obligations of the undertakers or attached to the undertaking, and the powers of the undertakers in relation to the supply of electricity under the Electricity (Supply) Acts, 1882 to 1926, or such special Order as aforesaid, shall absolutely cease and determine, and shall vest in the purchasing authority

(*c*) The purchasing authority—

(i) where the area of supply is situate wholly or mainly within the district of a joint electricity authority, shall be the joint electricity authority: Provided that if the area of supply is situate partly within the district of one joint electricity authority and partly in that of another, the right of purchase shall be exerciseable by such one of those authorities, or shall be divisible between them as the Electricity Commissioners may determine,

(ii) in any other case, shall be the local authorities for the districts in which any part of the area of supply is situate, acting through a joint committee or joint board constituted under section eight of the Electric Lighting Act, 1909

(*d*) Sections two and three of the Electric Lighting Act 1888, shall not apply

(2) The special order in any case to which subsection (1) of this section applies may make provision as to the relation between the price charged for electricity and the divisible profits on the capital attributable to the undertaking authorised by the special Order.

40. *Terms of purchase of a company taking a bulk supply.*—Where a company, being authorised undertakers, have ceased to generate electricity themselves, and in lieu thereof are taking a supply of electricity in bulk directly or indirectly from the Board, or, with the approval of the Electricity Commissioners, from any other source, and the undertaking of the company is purchased by a local authority under section two of the Electric Lighting Act, 1888, or under any local Act or Order on terms based on the same principle as those contained in the said section two, the following provisions shall have effect notwithstanding anything contained in that Act:

(1) In addition to the sum payable to the company by the local authority in respect of plant and other assets under the said Act of 1888, or under the said Act as varied by any Order, or under any such local Act or Order as aforesaid, there shall be paid a sum representing the capital properly expended upon plant and other assets rendered unsuitable for use by reason of the taking of such bulk supply as aforesaid, after deducting such amount as the company, in the opinion of the Electricity Commissioners, ought properly to have written off in respect of such assets:

(2) Any question arising under this provision shall be determined by the Electricity Commissioners, whose decision shall be final.

41. *Power to alter terms of purchase by agreement.*—Where under the Electricity (Supply) Acts, 1882 to 1922, or under any Order made thereunder, or under any deed of transfer executed in pursuance of powers conferred by any such Order, or under any special or local Act, any right to purchase the whole or any part of the undertaking of any authorised undertakers is vested in a local authority (including a joint electricity authority) the authorised undertakers may at any time within

ten years before the date of purchase next occurring after the passing of this Act, or within ten years of any subsequent date of purchase, enter into a contract with the local authority to amend, vary or alter the terms of purchase on the next occurring date upon which they may purchase upon conditions to be agreed between the parties with the approval of the Electricity Commissioners, and the terms of such agreement shall be binding upon the parties

42. *Methods of charge* —(1) The charge made by authorised undertakers to any ordinary consumer may, if duly authorised, and notwithstanding anything in any Act or Order to the contrary, consist of a periodical fixed or service charge and in addition a charge for the actual quantity of energy supplied to the consumer or for the electrical quantity contained in the supply

Where the undertakers have power to provide meters, electric lines, fittings, apparatus and appliances, the periodical fixed or service charge may include a rent, charge or remuneration in respect of any meter and any electric lines, fittings, apparatus and appliances provided by the undertakers in or upon the premises of the consumer, whether let on hire or hire-purchase terms to the consumer or otherwise

(2) A method of charge as aforesaid may be authorised by special Order or by an approval under the provisions of section thirty-one of the Schedule to the Electric Lighting (Clauses) Act, 1899, or corresponding provision contained in any Act or Order, and such special Order or approval may provide, where expedient, for an option to ordinary consumers to be charged by an authorised alternative method

43. *Amendment of Schedule to 62 & 63 Vict c* 19.— (1) The Schedule to the Electric Lighting (Clauses) Act, 1899, as incorporated with any special Act or Order passed or confirmed, whether before or after the commencement of this Act, shall have effect subject to the amendments specified in the Fifth Schedule to this Act

(2) Any special Act or Order relating to the supply of electricity passed or confirmed before the commencement of this Act which does not incorporate the provisions of the Schedule to the Electric Lighting (Clauses) Act, 1899, which

are amended by the Fifth Schedule to this Act, but contains corresponding provisions, shall have effect as if the like amendments were made in those corresponding provisions.

44. *Amendment of section* 21 *of the Electricity (Supply) Act*, 1919.—(1) Where applications made by any authorised undertakers for consent to the placing of any electric line above ground and wayleaves have not been agreed with the owners or occupiers of any land proposed to be crossed by a line, the undertakers may serve notice in accordance with the provisions of section twenty-two of the Electricity (Supply) Act, 1919, of their proposal to place the line, and the Minister of Transport may proceed concurrently under sections twenty-one and twenty-two of the Electricity (Supply) Act, 1919.

(2) Where the Board or any authorised undertakers have in pursuance of powers conferred on them under section twenty-two of the Electricity (Supply) Act, 1919, erected on any land supports for an electric line above ground, the Board or undertakers shall, for the purposes of section eight of the Mines (Working Facilities and Support) Act, 1923, be deemed to be persons having an interest in the land on which such supports are erected.

(3) Where an application has been made to the Minister of Transport for his consent to the placing of any electric line above ground, and representations are made that the line will prejudicially affect any ancient monument within the meaning of the Ancient Monuments (Consolidation and Amendment) Act, 1913, the Minister of Transport, in determining whether to give or withhold his consent, or to impose conditions, shall take into consideration any recommendations made to him by the Commissioners of Works with a view to preventing the ancient monument being prejudicially affected.

45. *Power to recover charge for reconnection.*—Any expenses reasonably incurred by any authorised undertakers in reconnecting any electric line or other work through which electricity may be supplied which may have been lawfully cut off or disconnected by reason of any default of the consumer may be recovered by the authorised undertakers in like manner as expenses lawfully incurred by them in such cutting off or disconnecting.

46. *Supply of electricity by railways, etc*—(1) It shall be lawful for the owners of any railway generating station to supply electricity therefrom to the owners of any other railway generating station upon such terms and conditions as may be respectively agreed between them Provided that no such supply shall be given under the powers conferred by this section without the consent of the Electricity Commissioners

(2) The Electricity Commissioners may, subject to the provisions of the Electricity (Supply) Acts, 1882 to 1922, and to the Schedule to the Electric Lighting (Clauses) Act, 1899, by Order authorise the breaking up of such roads, railways, and tramways as may be necessary for the purpose of such a supply

(3) The provisions of the Electricity (Supply) Acts, 1882 to 1922, and of the Schedule to the Electric Lighting (Clauses) Act, 1899, so far as they relate to the protection of the Postmaster-General, shall apply to any works for the supply of electricity under this section and in the application of those provisions the owners giving the supply of electricity under the provisions of this section shall be deemed to be undertakers, and nothing in this section shall affect any right or remedy of the Postmaster-General under the Telegraph Acts, 1863 to 1925

47. *Supply of electricity to railway companies, etc*—Where any authorised undertakers may supply and are supplying within their district or area of supply electricity for haulage or traction to any company or authority being the owners or lessees of a railway, dock, harbour or canal undertaking situate partly within and partly without that district or area, such authorised undertakers may, subject to the consent of the Minister of Transport and to such limitations and conditions (if any) as he may prescribe either generally or in any particular case, so supply electricity to be used for any purposes of such undertaking, whether within or without such district or area of supply, and such company or authority may, subject to the consent of the Minister of Transport and to such limitations and conditions (if any) as he may prescribe either generally or in any particular case, use the electricity so supplied for any purposes of their undertaking for which they are entitled to use electricity

Provided that the Minister of Transport shall not in any case give any such consent until notice of the application for the consent has been given by advertisement or otherwise in such manner as the Minister may direct, and an opportunity has been given to any person who appears to the Minister to be affected of making representations thereon.

48. *Sale of fittings.*—(1) Subject to the provisions of this section a joint electricity authority and any local authority authorised by special Act or by Order to supply electricity may sell electric lines, fittings, apparatus and appliances for lighting, heating and motive power, and for all other purposes for which electricity can or may be used (in this section called "electric fittings"), and may install, connect, repair, maintain and remove the same, and with respect thereto may demand and take such remuneration or rents and charges, and may make such terms and conditions, as may be agreed upon.

(2) The exercise of the powers of this section shall be subject to the following restrictions :—

(*a*) The joint electricity authority or local authority shall not manufacture electric fittings unless expressly authorised to do so by special Act or Order ;

(*b*) The joint electricity authority or local authority shall not sell electric fittings except—

(i) to a consumer or a person who intends to be a consumer of electricity supplied by them ; or

(ii) to a contractor who requires such fittings to enable him to supply them to a person who is, or intends to be, a consumer of electricity supplied by the joint electricity authority or local authority ;

(*c*) The price charged by a joint electricity authority or a local authority for the sale of any electric fittings shall not be less than the recognised retail prices, unless the sale is to a contractor, in which case the prices shall not be less than the recognised trade prices, and if any question shall arise as to what are the recognised retail or trade prices of any electric fittings, that question shall be determined by the committee appointed as hereinafter provided ;

(*d*) Every such joint electricity authority or local authority

shall so adjust the charges to be made by them under this section as to meet any expenditure incurred by them in the exercise of the powers of this section (including interest upon and sinking fund charges in respect of money borrowed for the purposes of this section),

(*e*) The total sums received and expended by any such joint electricity authority or local authority under this section in each year, including interest upon and sinking fund charges in respect of money borrowed for the purposes of this section, shall be shown separately in the published accounts of the electricity undertaking of such joint electricity authority or local authority

(3) The Electricity Commissioners shall appoint a committee comprising representatives of associations representing local authorities who are authorised undertakers, contractors and persons engaged in the business of making and persons engaged in the business of selling electric fittings, such committee to be appointed after consultation with those associations, and that committee shall determine any question which may be raised under this section as to the recognised retail or trade prices of any electric fittings and shall advise and assist the persons concerned as to the method of giving effect to the provisions of this section

(4) The purposes of this section shall be deemed to be purposes for which the joint electricity authority or the local authority may borrow money

(5) In this section the expression "contractor" means a person engaged in the business of selling and installing electric fittings

49. *Special provisions as to gas undertakers*.—Where the owners of a gas undertaking apply, under the provisions of the Electricity (Supply) Acts, 1882 to 1922, or the Statutory Gas Companies (Electricity Supply Powers) Act, 1925, for a special Order, and the Electricity Commissioners decide that they are unable or unwilling to make the Order, the Commissioners shall refer the matter to the Minister of Transport, and thereupon the Minister, subject to compliance with the requirements of the Electricity (Supply) Act, 1919, as to the procedure

applicable to the confirmation of Special Orders, may, if he thinks fit, make the Order, and any Order so made shall have effect as if it had been made by the Electricity Commissioners and confirmed by the Minister of Transport.

50. *Minor amendments.*—The amendments specified in the second column of the Sixth Schedule to this Act (which relate to minor details) shall be made in the provisions of the Electricity (Supply) Acts, 1882 to 1922, specified in the first column of that Schedule.

GENERAL

51. *Interpretation.*—(1) For the purposes of this Act, unless the context otherwise requires—

The expression "generating station" has the meaning given thereto by section thirty-six of the Electricity (Supply) Act, 1919, and not the meaning given thereto by section twenty-five of the Electric Lighting Act, 1909;

The expression "transmission line," when used with reference to a line which is a main transmission line within the meaning of the Electricity (Supply) Act, 1919, shall include all such works as are mentioned in that definition, and, when used with reference to a line which is not such a main transmission line, shall include any works necessary to and used for the control of the transmission line and the transmission of electricity thereby and the buildings or such part thereof as may be required to accommodate those works;

The expression "owners" in relation to a generating station includes lessees or occupiers of the station operating the station;

The expression "authorised undertakers" includes a joint electricity authority;

The expression "local authority" shall include a joint board or a joint committee constituted in pursuance of section eight of the Electric Lighting Act, 1909, or by a special Act passed for the like purpose;

The expression "absolute right of veto" means any unqualified right vested in an authorised undertaker in any Act or Order whereby a power company is restricted from

supplying electricity (exclusive of any right of supply for the purposes of any railway, tramway, canal, navigation, dock or harbour, or of any water undertaking) without the consent of such authorised undertaker in any specified area

(2) Where electricity is supplied to any authorised undertakers by other authorised undertakers who themselves receive a supply from the Board, the first-mentioned undertakers shall, for the purposes of this Act, be deemed to receive a supply indirectly from the Board, and references in this Act to an indirect supply from the Board shall be construed accordingly

(3) If and so far as the price for a supply of electricity is under this Act to be the cost of production adjusted according to the load factor, the adjusted price shall be the sum of the following items —

(*a*) the number of kilowatts of maximum demand in each month of the year of account multiplied by the fixed kilowatt charges component,

(*b*) the number of units supplied to the undertakers during the year of account multiplied by the running charges component

For the purposes of this subsection—

The number of kilowatts of maximum demand for any month shall be deemed to be twice the largest number of units of electricity supplied to the undertakers during any consecutive thirty minutes in that month Provided that, if the number of kilowatts of maximum demand so ascertained shall be less than the number of kilowatts of maximum demand in any previous month of the same year of account, payment shall be made on the higher number, and

The "fixed kilowatt charges component" and "running charges component" shall be ascertained in accordance with the rules contained in the Seventh Schedule to this Act

(4) If and so far as the price for a supply of electricity is under this Act to be adjusted according to power factor or otherwise ascertained, such adjustment or ascertainment shall be made in accordance with regulations to be prescribed by the Electricity Commissioners in that behalf

(5) Where for the purposes of this Act it is necessary to calculate what the cost of taking a supply of electricity from the Board over a number of years will be, then in making the calculation it shall be assumed that the price of fuel and the rates of wages remain constant.

52. *Short title, construction and extent.*—(1) This Act may be cited as the Electricity (Supply) Act, 1926, and shall be construed as one with the Electricity (Supply) Acts, 1882 to 1922, and those Acts and this Act may be cited as the Electricity (Supply) Acts, 1882 to 1926.

(2) This Act shall not extend to Northern Ireland.

SCHEDULES

FIRST SCHEDULE

Sections 5 and 8

PROVISIONS AS TO THE ACQUISITION OF GENERATING STATIONS AND MAIN TRANSMISSION LINES

The price of a generating station or main transmission line shall be such sum as may be certified by an auditor appointed by the Electricity Commissioners to have been the amount of the expenses properly incurred on and incidental to the provision of the generating station or main transmission line, less depreciation on a scale fixed by special Order

Provided that if the owners of the generating station or main transmission line or the Board are dissatisfied with the sum so certified, the matter in dispute shall, in default of agreement, be determined by the arbitration of a barrister (or in Scotland an advocate) appointed by the Minister of Transport from the appropriate panel set up under section four of this Act, and the arbitrator may, if he thinks it expedient to do so, call in the aid of one or more qualified assessors and hear the case wholly or partially with the assistance of such assessors

SECOND SCHEDULE

Section 7

RULES FOR DETERMINING COST OF PRODUCTION OF ELECTRICITY AT SELECTED STATIONS

The cost of production of electricity at any selected station shall be ascertained by calculating the following costs, charges and allowances in respect of the year of account

(*a*) the sums expended for fuel, oil, water and stores consumed, for salaries and wages, and any contributions for pensions, superannuation and insurance of officers and servants, for repairs and maintenance, and for renewals not chargeable to capital account ,

(*b*) sums paid as rents, rates and taxes (other than taxes on profits) and for insurance, in respect of the station ;

(*c*) the proper proportion of management and general establishment charges attributable to the station ;

(*d*) any other expenses on revenue account attributable to the station ;

(*e*) interest (exclusive of interest payable out of capital) on money properly expended for capital purposes (whether defrayed out of capital or revenue) and attributable to the generating station and the plant suitable to and used for the purpose of generating electricity therein, and interest on working capital properly attributable to the station and the production of electricity therein.

The rate of interest for the purposes of this paragraph shall be—

(i) where the owners of a selected station are a joint electricity authority or a local authority, the average rate payable on the money raised by the authority for the purpose ;

(ii) where the owners of the station are a company, the average rate of dividends and interest paid by the company on their share and loan capital during the preceding year ; so, however, that the rate shall in no case be less than five nor more that six and a half per cent. per annum.

(*f*) an allowance for depreciation of the following amount :

(i) where the owners of the selected station are a joint electricity authority or a local authority an amount equal to the sinking fund charges properly attributable to the station and the plant thereof :

Provided that where part of the expenditure was defrayed otherwise than by means of loans the allowance for depreciation shall be increased by such amount as the Electricity Commissioners think just :

(ii) where the owners of the station are a company, an amount determined in accordance with a scale fixed by special Order :

Provided that in the case of any company which is a London company within the meaning of the London

and Home Counties Electricity District Order, 1925, the amount of such allowance for depreciation shall not be less than the contributions for the year of account which the company is required to make to the sinking funds under the provisions of the London Electricity (No 1) Act, 1925, or the London Electricity (No 2) Act, 1925

THIRD SCHEDULE

Section 12

AUTHORISED CHARGES AND ALLOWANCES IN RESPECT OF TRANSMISSION LINES USED FOR GIVING BULK SUPPLY TO AUTHORISED UNDERTAKERS

The following are the charges and allowances which may be made in respect of a transmission line used by authorised undertakers for giving a supply in bulk to other authorised undertakers —

(1) The actual cost of the maintenance of the transmission line including renewals thereof not chargeable to capital account

(2) Sums paid as rents, rates and taxes (other than taxes on profits) and for insurance in respect of the transmission line

(3) A proper proportion of management and general establishment charges attributable to the transmission line

(4) The cost of units lost in transmission from the station or sub-station from which the supply is given to the station or sub-station at which the supply is taken

(5) Any other expenses on revenue account attributable to the transmission line

(6) Interest on money properly expended for capital purposes (whether defrayed out of capital or revenue) and attributable to the transmission line and on such working capital as is properly attributable to the transmission line at the following rate, that is to say —

(*a*) where the authorised undertakers owning the transmission line are a joint electricity authority or

a local authority, the average rate payable on the money raised by the authority for the purpose of constructing the line ;

(*b*) where the authorised undertakers owning the transmission line are a company, the average rate of dividends and interest paid by the company on their share and loan capital during the preceding year ; so, however, that the rate shall in no case be less than five nor more than six and a half per cent. per annum.

(7) An allowance for depreciation of the following amount:

(*a*) where the authorised undertakers owning the transmission line are a joint electricity authority or a local authority, an amount equal to the sinking fund charges properly attributable to the line :

Provided that, where part of the cost of the construction of the transmission line was defrayed out of revenue, the allowance for depreciation shall be increased by such amount as the Electricity Commissioners think just :

(*b*) where the authorised undertakers owning the transmission line are a company, an amount determined in accordance with a scale fixed by special Order :

Provided that, in the case of any company which is a London company within the meaning of the London and Home Counties Electricity District Order, 1925, the amount of such allowance for depreciation shall not be less than the contributions for the year of account which the company is required to make to the sinking funds under the provisions of the London Electricity (No. 1) Act, 1925, or the London Electricity (No. 2) Act, 1925.

If a transmission line is used for giving a supply in bulk to two or more authorised undertakers, or if a transmission line is used partly for giving a supply in bulk and partly for other purposes, the charges and allowances shall be the proper proportion of such charges and allowances as aforesaid.

FOURTH SCHEDULE

Section 15

ADAPTATION OF SECTION 16 OF THE ELECTRICITY (SUPPLY) ACT, 1919, AS AMENDED BY SECTION 21 OF THE ELECTRICITY (SUPPLY) ACT, 1922

If within five years from the date when under or in consequence of this Act a generating station has been closed or acquired or restrictions on the working or use thereof imposed, or a main transmission line or any part thereof has been acquired, any officer or servant who before the closing, acquisition or imposition of the restrictions was regularly employed by any authorised undertakers, proves to the satisfaction of a referee or board of referees appointed by the Minister of Labour that in consequence of such closing, acquisition or restriction he—

(i) has suffered loss of employment, or diminution of salary, wages or emoluments, otherwise than on grounds of misconduct, incapacity or superannuation, or

(ii) has relinquished his employment in consequence of being required to perform duties such as were not analogous or were an unreasonable addition to those which before such closing or acquisition or imposition of restrictions he had been required to perform, or

(iii) had been placed in any worse position in respect to the conditions of his service (including tenure of office, remuneration, gratuities, pension, superannuation, sick or other fund, or any benefits or allowances, whether obtaining legally or by customary practice),

and, in the case of a generating station being closed, or restrictions on the working or use thereof being imposed, the authorised undertakers to whom the station belonged or belongs, or in the case of the acquisition of a generating station or a main transmission line, or any part thereof, the acquiring authority, do not show to the satisfaction of the referee or board of referees that equivalent employment on the like conditions as those obtaining with respect to him at the date when the generating station was closed or restrictions on the working or use thereof were imposed, or the generating

station or main transmission line or part thereof was acquired, was available, there shall be paid to him by those undertakers, or the acquiring authority, such compensation as the referee or board of referees may award, including any expenses which the officer or servant necessarily incurs in removing to another locality :

Provided that, where loss or relinquishment of employment is involved, such compensation shall, in the case of an officer employed on an annual salary, be based on, but not exceed, the amount which would have been payable to a person on abolition of office under the Acts and rules relating to His Majesty's Civil Service in force at the date of the passing of the Local Government Act, 1888, but, in computing the period of service of any officer, service under any authorised undertakers shall be reckoned as service under the authorised undertaker in whose employment he is at the time when the loss or relinquishment of employment occurs ; and where any such officer or servant was temporarily absent from his employment whilst serving in or with His Majesty's Forces or the forces of the Allied or Associated Powers, or in any other employment of national importance during the war, such service shall be reckoned as service under the authorised undertakers in whose employment he was immediately before and after such temporary absence.

Any question whether a generating station has been closed or whether any restriction on the working or use thereof has been imposed under or in consequence of this Act shall be determined by the Electricity Commissioners.

The Minister of Labour may make rules as to the procedure before the referee or board of referees under this Schedule and may by those rules provide—

(*a*) for limiting the amount of costs and providing for the taxation thereof ;

(*b*) for fixing the fees to be paid to the referee or the members of the board of referees and for determining by whom such fees are to be paid.

FIFTH SCHEDULE

Section 43

AMENDMENTS OF SCHEDULE TO THE ELECTRIC LIGHTING (CLAUSES) ACT, 1899

S 7 - - - In paragraph (1) for the words from "The undertakers shall carry" to the words "maximum rate of profit" there shall be substituted the following words —

"The undertakers shall apply the net surplus remaining in any year and the annual proceeds of the reserve fund when amounting to the prescribed limit—

"(*a*) in reduction of the charges for the supply of energy, or

"(*b*) in reduction of the capital moneys borrowed for electricity purposes, or

"(*c*) with the consent of the Electricity Commissioners in payment of expenses chargeable to capital, or

"(*d*) in aid of the local rate

Provided that—

(i) the amount which may be applied in aid of the local rate in any year shall not exceed one and a half per cent of the outstanding debt of the undertaking, and

(ii) after the thirty-first day of March, nineteen hundred and thirty, no sum shall be paid in aid of the local rate unless the reserve fund amounts to more

than one-twentieth of the aggregate capital expenditure on the undertaking.

S. 14 - - - In paragraph 1 (*a*) after the words "one month" there shall be inserted "or in the case of service lines, seven days."

SIXTH SCHEDULE

Section 50

MINOR AMENDMENTS OF ELECTRICITY (SUPPLY) ACTS, 1882-1922

Enactment to be amended	*Nature of Amendment*
Electric Lighting Act, 1882 (45 & 46 Vict. c. 56):	
S. 3 - -	In paragraph (5) the words "until after the expiration of a period of three months from the date of the first publication of such advertisement nor" shall be repealed.
Electricity (Supply) Act, 1919 (9 & 10 Geo. V. c. 100):	
S. 1 - -	In subsection (7), after the words "on retirement" there shall be inserted the words "or death."
S. 13 - -	In subsection (2), after the words "comprising the area of the local authority" there shall be inserted the words "or by any amending Order under section seven of this Act."
S. 15 - -	After paragraph (*c*) of subsection (1) the following paragraph shall be inserted:— (*cc*) No Order authorising the abstraction of water from any reservoir

Enactment to be amended—cont	*Nature of Amendment*—cont
	or other works used by any statutory water undertaker for the purposes of the undertaking shall be made without the consent of such undertaker (which consent shall not be unreasonably refused), and if any question arises as to the reasonableness of any refusal or of the terms sought to be imposed as a condition of giving consent, the question shall be referred to a single arbitrator nominated by the Lord Chief Justice, or in Scotland by the Lord President of the Court of Session, and in any such Order there shall be inserted such provisions as the Minister of Health (or, in the case of Scotland, the Scottish Board of Health) may consider proper for safeguarding the interests of the water consumers
Electricity (Supply) Act, 1919 (9 & 10 Geo V c 100)	
S 21	- After the words "local authority," where they first occur, there shall be inserted the words "(including a county council)," and after the second "local authority" there shall be inserted the words "and (where it is proposed to place the line along or across any county bridge or any main road vested in a county council) the county council"
S 32 -	- In subsection (3) the words "unless it is an Order made under section seven of this Act, shall be a special Order and" shall be omitted

Enactment to be amended—cont.	*Nature of Amendment*—cont.
Electricity (Supply) Act, 1922 (12 & 13 Geo. V. c. 46):	
S. 21 -	- In subsection (1), for the words "not made under the principal Act was in consequence of that Act," there shall be substituted the words "was made under or in consequence of the principal Act."
S. 24 -	- The following proviso shall be inserted: Provided that such supply shall be used in such manner as not to cause or be likely to cause any interference (whether by induction or otherwise) with any telegraphic line belonging to or used by the Postmaster-General or with telegraphic communication by means of such line. This provision shall not apply to an undertaking part thereof in respect of which any company or authority is authorised to use electricity by Act of Parliament or by an Order confirmed by or having the effect of an Act of Parliament containing provisions for the protection of the telegraphic lines of the Postmaster-General in respect of the use of electricity. In this section "telegraphic line" has the same meaning as in the Telegraph Act, 1878.

SEVENTH SCHEDULE

Section 51

RULES FOR DETERMINING THE FIXED KILOWATT CHARGES COMPONENT, AND THE RUNNING CHARGES COMPONENT

1 The cost of production shall be ascertained in accordance with the Second Schedule to this Act

2 The cost so ascertained shall be allocated as between fixed costs and running costs in accordance with such regulations as may be prescribed by the Electricity Commissioners for the purpose

3 One-twelfth of the amount of the fixed costs in the year of account, divided by the average of the monthly maximum demands in that year, shall, subject to such variations whether by way of decrease or increase as the Electricity Commissioners may by regulations prescribe, according to the magnitude of the maximum demands of supplies furnished, be the fixed kilowatt charges component.

For the purposes of this provision the "maximum demand in respect of any month" shall be deemed to be twice the largest number of units of electricity supplied from the generating station during any consecutive thirty minutes in that month

Provided that if the number of kilowatts of maximum demand so ascertained for any particular month shall be less than the number of kilowatts of maximum demand for any previous month of the same year of account the higher number shall be taken as the maximum demand for the first-mentioned month

4 The amount of the running costs divided by the number of units supplied from the generating station during the year of account shall be the running charges component.

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